TD/B/C.5/58

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Operation and effects of the generalized system of preferences

Selected studies submitted to the seventh session of the Special Committee on Preferences for its third review

Geneva, 5-6 January 1976

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First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 17-65;

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1-2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I,A, pp. 27-58;

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I,A, pp. 51-114.

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I and Corr.1. *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, pp. 6-43.

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FOREWORD

The generalized system of preferences (GSP) negotiated under the auspices of UNCTAD calls for prefential tariff treatment for exports of manufactures and semi-manufactures of developing countries in the markets of developed countries. The declared objectives of the system are to increase export earnings of developing countries, promote their industrialization and accelerate their rates of economic growth. The GSP thus constitutes an important element of the Second United Nations Development Decade in bridging the gap between the rich and poor countries of the world.

The Special Committee on Preferences has been established as a permanent machinery within UNCTAD to deal with all questions relating to the implementation of the GSP. This document contains the main studies prepared by the UNCTAD secretariat to assist the Special Committee in its third review of the operation and effects of the system. It is a sequel to the earlier collections of studies prepared for the Special Committee's first and second reviews.*

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* With respect to the FIRST REVIEW, see *Operation and effects of the generalized system of preferences: Selected studies submitted to the fifth session of the Special Committee on Preferences (Geneva, 3-13 April 1973)* (United Nations publication, Sales No. E.73.II.D.16), which reproduces the following reports and studies prepared by the UNCTAD secretariat:

Document TD/B/C.5/2: A comparative study of the rules of origin in force;

Document TD/B/C.5/3: Operation and effects of the generalized preferences granted by the European Economic Community;

Document TD/B/C.5/4: Effects of the generalized system of preferences on the tariff advantages enjoyed by the African countries associated with the European Communities;

Document TD/B/C.5/5: Special measures in favour of the least developed among the developing countries;

Document TD/B/C.5/6: Operation and effects of the generalized preferences granted by Japan;

Document TD/B/C.5/7: Operation and effects of the generalized preferences granted by the United Kingdom;

Document TD/B/C.5/8: Effects of the enlargement of the European Economic Community on the generalized system of preferences;

Document TD/B/C.5/9: General report on the implementation of the generalized system of preferences.

With respect to the SECOND REVIEW, see *Operation and effects of the generalized system of preferences: Selected studies submitted to the sixth session of the Special Committee on Preferences . . . (Geneva, 20-31 May 1974)* (United Nations publication, Sales No. E.75.II.D.9), which reproduces the following reports and studies prepared by the UNCTAD secretariat:

Document TD/B/C.5/20: Effects of the proposed scheme of generalized preferences of the United States of America;

Document TD/B/C.5/21: Effects of the scheme of generalized preferences of Canada;

Document TD/B/C.5/22: Second general report on the implementation of the generalized system of preferences;

Document TD/B/C.5/23: Operation and effects of the scheme of generalized preferences of the European Economic Community;

Document TD/B/C.5/26: The generalized system of preferences and the multilateral trade negotiations;

Document TD/B/C.5/WG(IV)/2: Proposals for improvement and harmonization of the rules of origin under the generalized system of preferences.

NOTE. The documents listed above are indicated by an asterisk in foot-note references in this volume.

CONTENTS

ABBREVIATIONS

ACP	African, Caribbean and Pacific (States signatories of the Lomé Convention)
API	American Petroleum Institute
ASEAN	Association of South East Asian Nations
BPT	British preferential tariff
CACM	Central American Common Market
CAP	Common agricultural policy
CCCN	Customs Co-operation Council Nomenclature
CCT	Common Customs Tariff (EEC)
c.i.f.	Cost, insurance, freight
CP	Commonwealth preference(s)
ECSC	European Coal and Steel Community
EEC	European Economic Community
EFTA	European Free Trade Association
FAO	Food and Agriculture Organization of the United Nations
f.o.b.	Free on board
GATT	General Agreement on Tariffs and Trade
GSP	Generalized system of preferences
IMF	International Monetary Fund
LDDC	Least developed among the developing countries
MED	Mediterranean States having an association or other preferential agreement with the EEC
MFN	Most favoured nation
n.e.s.	Not elsewere specified or included
OAS	Organization of American States
O.J.E.C.	*Official Journal of the European Communities*
OPEC	Organization of Petroleum Exporting Countries
TSUS	Tariff Schedules of the United States
u.a.	Unit of account
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme

EXPLANATORY NOTES

References to dollars ($) are to United States dollars, unless otherwise indicated.

The term "billion" signifies 1,000 million.

The following symbols have been used in the tables:

A dash (—) signifies nil or negligible, unless otherwise specified.

One dot (.) indicates that data are not applicable.

Two dots (..) indicate that data are not available.

Document TD/B/C.5/41

THIRD GENERAL REPORT ON THE IMPLEMENTATION OF THE GENERALIZED SYSTEM OF PREFERENCES

Study by the UNCTAD secretariat

[*Original: English*]
[*8 December 1975*]

CONTENTS

ANNEXES

INTRODUCTION

1. This general report on the implementation of the generalized system of preferences (GSP) has been prepared to assist the Special Committee on Preferences in its periodic review of the system.[1] It covers the main changes in the system and other relevant developments which have taken place since the review by the Special Committee at its sixth session, in May 1974. The changes concern in particular the status of implementation of the system, the improvements made in the various schemes and the operation and effects of the schemes. Other relevant developments concern the renegotiation of special preferences between EEC and a number of developing countries, and the current multilateral trade negotiations. The report also makes specific proposals for further improvement of the GSP.

2. During the period under review Canada put its scheme into effect in July 1974. Legislation regarding this scheme, however, had been adopted by the Canadian Parliament in April 1973, and the Special Committee has already had an opportunity to review the scheme on the basis of a study prepared by the UNCTAD secretariat for its sixth session.[2] The review of the Canadian scheme in the present report is therefore confined to developments since its entry into force.

3. The United States completed legislative action on its scheme of generalized preferences as part of the Trade Act of 1974.[3] The provisions of the scheme as enacted differ in many respects from those proposed in the Trade Reform Act of 1973 and discussed in a report by the UNCTAD secretariat to the sixth session of the Special Committee;[4] a new study[5] has therefore been carried out and is before the Special Committee at its seventh session; its findings are summarized in this report.

4. The present report also describes the improvements and modifications made by a number of preference-giving countries in their respective schemes. The extensive changes made by EEC are considered in greater detail in a separate study.[6]

5. The studies on the various schemes prepared for earlier reviews by the Committee dealt mainly with their trade implications rather than with the benefits actually derived from them. For the first time, however, the data available make it possible to give, in various studies, an account of the trade which actually benefited from preferences.[7]

6. On 28 February 1975 EEC and 46 African, Caribbean and Pacific (ACP) States signed the Lomé Convention, which is likely to have important implications for the status of these developing countries under the GSP and for the GSP as a whole. Equally, the multilateral trade negotiations taking place under the auspices of GATT, which aim, *inter alia*, at global tariff liberalization, will also have important implications for the GSP. These implications have been described in separate studies,[8] and only a brief summary of them is given in this report.

[1] The first general report is to be found in document TD/B/C.5/9* and the second general report in document TD/B/C.5/22.*

[2] Document TD/B/C.5/21.*

[3] 93rd Congress, 2nd session, public law 93-618.

[4] Document TD/B/C.5/20.*

[5] Document TD/B/C.5/38 (revised), reproduced in this volume.

[6] Documents TD/B/C.5/34 and Add.1, reproduced in this volume.

[7] See, in this volume, documents TD/B/C.5/34 and Add.1 for the EEC scheme, TD/B/C.5/35 for the scheme of Japan and TD/B/C.5/39 for a study of benefits to the least developed among the developing countries. See also document TD/B/C.5/30/Add.1 and 2 for replies received from preference-giving countries.

[8] See, in this volume, documents TD/B/C.5/36 and TD/B/C.5/37.

Chapter I

STATUS OF IMPLEMENTATION OF THE SCHEMES

7. All the countries taking part in the generalized system of preferences, with the exception of the United States of America, put their schemes of generalized preferences into effect at some time between 1 July 1971 and 1 July 1974. On 3 January 1975, the president of the United States signed into law the Trade Act of 1974,[9] title V of which constitutes the legal basis of that country's scheme of tariff preferences i favour of the developing countries. The United States scheme was put into effect on 1 January 1976.

[9] See foot-note 3 above.

Chapter II

SCHEME OF THE UNITED STATES OF AMERICA[10]

8. On 1 January 1976 the United States scheme of generalized preferences was implemented as provided for in the Trade Act of 1974 and subsequent Executive Orders No. 11888 of 24 November 1975, No. 11906 of 25 February 1976 and No. 11934 of 30 August 1976. The Act authorizes the President to grant preferential duty-free tariff treatment to the exports of beneficiary developing countries in order to provide "fair and reasonable access" to such products in the United States market.

A. Beneficiaries

9. The United States President has designated 98 countries and 40 territories as beneficiaries of the scheme in accordance with criteria specified in the Act.[11] As provided in the Act, the list of beneficiaries has been changed from time to time, depending upon circumstances. Thus, the beneficiary status of a particular country may subsequently be suspended or a country not on the list may be accorded beneficiary status. The criteria for designation are applied in the light of judgement on the economic behaviour of developing countries relative to United States national economic and political interests. These criteria are, in general, of a negative character in that they incorporate conditions under which a developing country cannot be designated as a beneficiary.

10. The first of the criteria refers to "Communist" countries, which are *a priori* excluded from preferences unless the country in question enjoys MFN treatment in the United States market, is a contracting party to GATT and a member of IMF, and is not "dominated or controlled by international communism".[12] The second criterion which prevents designation as a beneficiary concerns countries belonging to OPEC or parties to similar arrangements. This criterion has initially had the effect of excluding from the scheme Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

11. The third criterion concerns reverse preferences. Under the Lomé Convention concluded between EEC and the ACP States, the latter countries are not required to grant reverse preferences to EEC counties. On the assumption that the ACP countries would not be granting reverse preferences after 1 January 1976, the President included those countries in the preliminary list of beneficiaries under the United States scheme. However, a number of Mediterranean countries having association or preferential trade agreements with EEC (Cyprus, Egypt, Greece, Israel, Lebanon, Malta, Spain, Tunisia and Turkey) continue to grant reverse preferences to EEC countries. The Administration, in determining the effect of these preferences on United States commerce, has so far concluded that there is no adverse effect in the case of Cyprus, Egypt, Israel, Lebanon, Malta, Portugal and Turkey. Tunisia was designated a beneficiary on the assumption that its reverse preferences would be eliminated by 1 January 1976.

12. A fourth mandatory criterion was added to the Act by an amendment to a tax bill signed into law by the President on 4 October 1976.[13] It would have the effect of excluding a country from the list of beneficiaries "if such country aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism". No country has so far been denied beneficiary status on account of this new criterion.

13. Three other criteria in granting beneficiary status are subject to waiver by the President if he determines that such designation would be in the national economic interest of the United States. They relate to the nationalization or expropriation of property owned by United States citizens or businesses without compensation; inadequate co-operation with the United States to prevent unlawful traffic in narcotic drugs; and failure to act in good faith in recognizing and enforcing arbitral awards in favour of United States citizens or businesses.

14. It should be recalled that the GSP is designed to

[10] This chapter has been revised and updated to reflect the latest information available at the time of preparation of this volume.

[11] See annex II below. In addition, section 502(b) of the Act specifically designates the following countries as ineligible under any circumstances for preferences: Australia, Austria, Canada, Czechoslovakia, States members of the European Economic Community, Finland, German Democratic Republic, Hungary, Iceland, Japan, Monaco, New Zealand, Norway, Poland, Republic of South Africa, Sweden, Switzerland and the Union of Soviet Socialist Republics.

[12] Section 502(b) (1) of the Act.

[13] Section 1327 of the Tax Reform Act of 1976 (public law 94-455).

assist developing countries in achieving their objectives of economic development and growth, and the use of the GSP for other purposes appears to be incompatible with the basic principles of non-reciprocity and non-discrimination. In addition, the United States has not accorded beneficiary status to some countries (other than members of OPEC) which are members of the Group of 77.

B. Product coverage

15. The Act does not specify the products to be covered by the scheme; instead, it contains a list of products for which preferences cannot be granted. On 24 March 1975 the President published a list of articles to be considered for designation as eligible for preferences. This list contains, with some exceptions, all products in CCCN chapters 25-99 which are dutiable and which are not explicitly excluded by law from the scheme, as well as selected agricultural and fisheries articles in CCCN chapters 1-24. The dutiable products in CCCN chapters 25-99 which are excluded specifically by the Act are:

Textile and apparel articles which are subject to textile agreements;
Watches;
Import-sensitive electronic articles;
Import-sensitive steel articles;
Certain footwear articles;
Import-sensitive semi-manufactured and manufactured glass products;
Any other articles which the President determines to be import-sensitive in the context of the scheme of generalized preferences; and
Any article which is subject to import-relief, escape clause, or national security action under the 1974 Act or under the Trade Expansion Act of 1962.

16. The deletion of all import-sensitive products left 2,715 TSUS items as eligible for duty-free treatment under the United States scheme as of 1 October 1976.

C. Safeguards

17. The Act makes no specific mention of safeguard action applicable to preferential trade. There are, however, implicit and explicit provisions to safeguard in general the interest of domestic producers. The President must act to restrict the scheme when an article becomes subject to a national security action, when an article becomes subject to import-relief action, such as an increase in the tariff or the imposition of a quantitative restriction on imports admitted on an MFN basis, and whenever the "competitive need" criteria become operative. These criteria provide for the withdrawal of preferential treatment for a particular article from a beneficiary when United States imports of that article from that beneficiary in any one calendar year exceed $25 million,[14] or 50 per cent of total United States imports of the article. Once either of these limits is reached, the beneficiary in question ceases to enjoy preferential treatment for that article,[15] but not for other eligible articles, and other beneficiaries continue to enjoy preferences with respect to the article in question.

D. Rules of origin

18. An article enjoys preferential treatment if the sum of the cost of locally produced materials and components and direct domestic costs of processing is not less than 35 per cent of the United States appraised value of that article.[16] Moreover, the Act authorizes the President to recognize all beneficiaries belonging to a customs union or free-trade area as a single beneficiary. Thus, materials and components produced in one member beneficiary and used by another will be treated as locally produced in the latter exporting beneficiary country. However, in such cases the 35 per cent requirement is increased to 50 per cent, and the competitive need criteria apply to the association as a whole. Thus, if total United States imports from all beneficiary members of an association exceed $25 million or 50 per cent of its total imports of the product, preferential treatment for the product will be terminated for all members of the association.

19. These origin criteria appear to have three major shortcomings. First, there is the possibility that articles wholly produced in the beneficiary country or countries might not meet the 35 per cent processing requirement on account of a large share of indirect production costs. Secondly, the scope for using imported materials and components is significantly reduced, since indirect domestic value-added is not counted towards the 35 per cent requirement. Finally, the joint application of the competitive need criteria on preferential imports under the cumulative origin provision is so restrictive that no association of beneficiary countries is likely to seek cumulative treatment.

E. Trade implications

20. On the basis of 1974 United States trade data, it was found that $6,274 million or 34 per cent of all dutiable imports from beneficiary developing countries were covered by the scheme. The corresponding coverage varies among groups of developing countries from 1 per cent ($98 million) for members of the Group of 77 *not designated* as beneficiaries, to 10 per cent ($252 million) for ACP countries and 56 per cent ($63 million) for the least developed countries. The most notable change in the product coverage (compared with the initial United

[14] Each year the limit is to be raised in proportion to the previous year's growth in the United States gross national product.

[15] There is provision for restoring preferential treatment if the limits were not exceeded during the preceding calendar year. Also, the President can waive the competitive need criteria with respect to a country with which the United States has had a historical preferential trade relationship. Moreover, the 50 per cent criterion does not apply with respect to any eligible article if a like or directly competitive article was not produced in the United States on the date of enactment of the Trade Act of 1974.

[16] Trade Act of 1974, section 503(*b*) (2).

States submission as revised) is in the agricultural sector: for designated beneficiaries the coverage in CCCN chapters 1-24 is 65 per cent ($2,532 million) of total dutiable agricultural imports from these countries. This is mainly the result of the inclusion of sugar, which accounts for most of the imports of all agricultural and fisheries products eligible for preferences.

21. The improved product coverage, however, is subject to serious qualification, as the competitive need criteria will result in the delection of many products, in particular sugar, for many beneficiary countries. The absolute dollar limitations in effect from 29 February 1976 affect 14 products and 20 beneficiary countries and as a result, articles from affected beneficiaries accounting for $2,222 million of 1975 imports otherwise eligible were denied preferential treatment. The 50 per cent limitation affects 240 products and a broad cross-section of beneficiaries, including least developed countries. Imports in 1975 of these products from affected beneficiary countries amounted to $383 million. If the United States scheme had been operating in 1974, the competitive need criteria would have reduced the trade coverage of the scheme from $6,274 million to an effective figure of $3,327 million, or by 47 per cent. The major designated beneficiaries which would have been affected include the Philippines, Mexico and Brazil, each of which would have lost preferences on over $400 million of its eligible exports to the United States in that year.

Chapter III

CHANGES AND IMPROVEMENTS IN THE SYSTEM

22. This chapter describes the main improvements and changes which have been made to the various schemes since the last review. Notable developments include the implementation by Austria of the second stage of its scheme on 1 January 1975 and the introduction of the EEC scheme for 1975 and of the scheme of Japan for the fiscal years 1974 and 1975.

A. Beneficiaries

23. Annex II gives a consolidated list of all current beneficiaries under the various schemes. From this list it can be seen that nearly all countries members of the Group of 77 enjoy preferential treatment in all the schemes of the developed market-economy countries. Moreover, the following countries, not members of the Group of 77, have been given beneficiary status under one or more of the existing schemes: Albania, Bulgaria (which is itself a preference-giving country), Democratic Republic of Korea, Democratic Republic of Viet-Nam, Greece, Grenada, Israel, Malta, Mongolia, Muscat, Nauru, Portugal, Romania, Sikkim, Spain, Tonga, Turkey and Western Samoa.

24. The lists of beneficiaries have been extended by various preference-giving countries as follows: *Australia* has added Angola, Cape Verde Islands, Comoro Islands, Greece, Guinea-Bissau, Mozambique, Nauru, Portugal and its dependencies, Timor and Macao, Sao Tome and Principe; British Indian Ocean Territory; French dependencies: St. Pierre and Miquelon; French Polynesia; New Caledonia, Wallis and Fortuna Islands; the Afars and Issas; Spanish Sahara; United States dependencies: Wake Island, Trust territory of the Pacific Islands, Virgin Islands, American Samoa, Midway Island, Johnston and Sand Islands; Guam. *Austria* has extended beneficiary status to Muscat and deleted the Cape Verde Islands from the list of Portuguese territories beneficiaries of the scheme. The general list of beneficiaries of the EEC scheme is unchanged. However, the product coverage for dependent territories, including Hong Kong, has been extended to certain footwear. Following bilateral negotiations. Sri Lanka and the Republic of Viet-Nam have been added to the list with respect to cotton textiles and substitutes, while Thailand and Sri Lanka have acquired beneficiary status with respect to jute and coir products. *Finland* has extended preferences to Guinea-Bissau, Israel, Malta Oman and the United Arab Emirates. *Hungary* has extended preferences to Bangladesh, Barbados, Botswana, Burundi, Democratic Yemen, Dominican Republic, Equatorial Guinea, Guyana, Haiti, Jamaica, Lesotho, Malawi, Maldives, Mauritius, Papua New Guinea, Philippines, Rwanda, Sierra Leone, Togo and Trinidad and Tobago. *Japan* has added Mongolia to its list of beneficiaries and *Sweden* has added Bulgaria, Malta and Romania.

B. Product coverage

25. *Australia* has added one agricultural product [17] and six industrial products to its positive list, [18] and has withdrawn preferences on nine products or groups of products. [19] The number of exceptions affecting certain countries has been increased, but in some cases the exceptions have been removed. [20] As a result of additional criteria introduced by Australia in July 1974 for defining handicraft products, the product coverage with respect to these products may have been reduced. The Government

[17] Jams of tropical fruit, tariff item ex 20.05.000.

[18] Motor car tyres and tubes (40.11.900), boilers (73.37.100/900), steel balls (84.62.300), switch gear etc. (85.19.440), launches and yachts (ex 89.01.900) and slide projectors (90.09.100).

[19] Australian directories, guides, etc. (49.01.100), maps and road guides (49.05.100), cheque books, etc. (49.07.900), transfers (49.08.000), calendars (49.10.000), printed forms (ex 49.11.910), catalogues (49.11.900), flat glass (70.04; 70.05; 70.06.91; 70.06.991; 70.06.999; 70.07 and 70.08.9), and electric hand tools (85.05) (see document TD/B/480/Amend.2).

[20] See documents TD/B/480/Amend.2, 4 and 5.

assumes that "the new definition will result in some goods, the admissibility of which in the past as 'cottage industry' traditional handicrafts may have been suspect, no longer being eligible for concessional admission . . .".[21] A "phasing out" arrangement, however, remained in effect until 31 December 1974.[22]

26. *Austria* has added 32 agricultural products to its scheme.[23] Moreover, the scheme has been extended to cover practically the entire textile sector, with the result that exceptions in CCCN chapters 25-99 are now very few.[24] However, a much larger exceptions list covering textile products applies with respect to four beneficiaries: Greece, Portugal, Spain and Turkey. *EEC* has added 27 agricultural products to its positive list.[25] *Japan* has added five agricultural products[26] in its scheme for fiscal year 1974 and six[27] in its scheme for fiscal year 1975. It has also reduced the number of "Hong Kong exceptions" from 12 in 1973 to seven in 1974 and 1975.[28] *Hungary* has added one agricultural product[29] and 35 industrial products[30] and has withdrawn preferences on one product.[31] For two of its new beneficiaries, namely, Bulgaria and Romania, *Sweden* has established a more selective list of agricultural products in CCCN chapters 1-24, and a larger list of exceptions in CCCN chapters 25-99.[32]

C. Depth of tariff cut

27. *Australia* has increased the preferential margin with respect to six products[33] and has reduced the preferential margin from 34 per cent to 10 per cent on one product.[34] *Austria* has increased essentially the preferential margin on agricultural products. The preferential margin was also increased from 30 per cent to 50 per cent of the basic rates for all products in CCCN chapters 25-99 covered by the scheme, with the exception of the newly added textiles, for wich the margin amounts to 35 per cent. The tariff reduction on all preferential imports from Greece, Portugal, Spain and Turkey, however, has been maintained at 30 per cent. *EEC* has granted deeper tariff on agricultural products covered by its scheme. *Hungary* has increased the preferential margin with respect to 25 products[35] and has introduced duty-free entry with regard to 63 products.[36] *Japan* granted deeper tariff cuts on three agricultural products[37] in fiscal year 1974 and on one agricultural product[38] in fiscal year 1975. Moreover, duty-free treatment, rather than a 50 per cent reduction, has been applied to four "selected" products[39] in fiscal year 1974 and to one[40] such product in fiscal year 1975.

D. Safeguard measures

28. *Australia* has eliminated the tariff quota on one product,[41] increased the tariff quotas on five products[42] and introduced new tariff quotas at zero or reduced rates of duty on five other products.[43] Preferential treatment has been withdrawn with regard to Brazil for two items[44] and with regard to Hong Kong for one item.[45]

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21 Document TD/B/480/Amend.2, annex, para. 3.

22 *Ibid.*, para. 9. Certain textiles were, however, excluded from the transitional arrangement (see document TD/B/480/Amend.3).

23 They are included in the following tariff headings or sub-headings: Edible offals of sheep and goats (02.01 B ex 2), other meats (02.04 B), herring (03.02-D), other vegetables (07.01.-0), olives (07.03 A-B), truffles (07.04 A-B), oranges (08.02 A-B), other nuts (03.05-F), stone fruit (08.07-F), other fruit (08.04-B), other fruit, dried (08.12-B3), pyrethrum extract (13.03 ex B), castor oil (ex 15.08), animal vegetable oils (15.12B), fish canned or otherwise (16.04-B), other extracts (21.02 D), liquid wine lees (23.05 A-1).

24 Manitol and sorbitol (ex 29.04 D), casein (35.01), albumins (35.02 B), dextrins (35.05), glazings (ex 38.12) foundry core binders (38.19 C 1), other chemical products (ex 39.19 L), starch ethers (39.06 C 2 b), cotton outer garments (61.02 D and 61.03 C) and unwrought lead (78.01 A).

25 The new products include items such as certain fruits, certain preparations, natural honey, some spices, castor oil, cigars and smoking tobacco and—as of 1 July 1975—pepper and fixed vegetable oils.

26 Sandal woods (12.07 ex (12)), seed lac (13.02-2), vegetable products n.e.s. (14.05 ex 3), bonito (16.04 ex 2) and spa waters (22.01-1).

27 Aquarium fish (03.01 ex 1), animal products, other (05.15-7), hazel nuts (08.05 ex 4 (2)), vegetable seeds (12.03), vegetable products n.e.s. (14.05 ex 1(2)) and wool grease (15.05-1).

28 See, in this volume, document TD/B/C.5/35, para 4. The remaining exceptions are travel goods (42.02), leather footwear (64.02-1-2(1)), artificial flowers, etc. (67.02), glass beads, etc. (70.19), jewellery (71.12), imitation jewellery (71.16) and toys (97.03).

29 Fruit juices and vegetable juices . . . , tariff item 20.07 B.

30 Knitted or crocheted fabric ... 60.01 B, outer garments etc. ... 60.05 A I a, b, c, III c, IV a, b, c, B I c, IV a, b, c; Men's and boys' outer garments of wool 61.01 A I a, b, II a, B, III a, b, c, IV d; Women's, girls' and infants garments of wool 61.02 A I a, c, III a, c, III a, c, d; Combinations, knickers etc.... 61.04 A I b, c; Umbrellas and sunshades 66.01; Parts, accessories of vehicles etc. 87.06 B; Parts and accessories etc. 87.12 A, B, C, D.

31 Parchment or greaseproof etc.... 48.03 A.

32 See document TD/B/373/Add.2/Annex/Amend.3.

33 Steel balls (84.62.300), springs (73.35.300), other toys, etc. (97.03.900), outer garments (61.10.100), switch gear etc. (85.19.440), and launches and yachts (ex 89.01.900).

34 Balloons (ex 97.03.900).

35 08.02 A, B; 08.03 B; 10.06 B; 33.06; 39.06 A; 73.21 A, B, C, D; 73.25; 73.27 A, B; 82.11 A, B, C, D, E; 82.12 C; 84.15 B; 84.36 A; 84.37 A, B, C; 84.61 B; 84.64.

36 08.02 D; 11.01 B; 18.06 B; 28.42 B; 29.06; 29.25 B; 29.27 A; 30.03 A, B II; 30.04; 39.01 C II; 40.11 A, B II, D, E, 40.14 B; 42.03 A I; 44.05 B II, III; 48.07 A; 48.15 C; 51.04 C; 53.11 A; 55.09 A, B I, II; 58.02 B; 60.04 A I b, c, B I, b, c, d; 60.05 A III a, b, B I a, b, II a, b, c, III a, b; 61.09 A I, II, B I, II, C; 62.02 D; 70.11 B; 82.04 A, B, C, D, E, F, G, H, I, J; 82.14 A, B; 84.15 A, 86.07 A, B.

37 Skins, other (05.07), foliage (06.04), and glycerol (15.11-1).

38 Homogenized composite food preparations (21.05).

39 Mixtures used in perfumery, food, etc. (33.04), woven pile fabrics (58.04), hat shapes (65.02) and integrated circuits (85.21 ex 2).

40 Nickel powder and flakes (75.03 ex 1-(1)B).

41 Outer garments (61.01.100).

42 Refrigerators (ex 84.15.200), primary cells (85.03.100 and 85.03.900), electric fans (ex 85.06.900) and fuses, connectors, etc. (85.19.470).

43 Motor car tyres and tubes (40.11.900), woodware (44.24.900; 44.27.100; and 44.27.900), and slide projectors (90.09.100).

44 Bovine and equine leather etc. (41.02.9) and patent leather and metallized leather (41.08).

45 Work gloves, mittens or mitts of leather or composition leather (42.03.1).

29. *Canada* has suspended preferential treatment on rubber footwear[46] and reinstated, on 28 August 1975, the 20 per cent MFN rate on imports of this item from countries other than those of the Commonwealth. The preference was withdrawn at the request of the Canadian producers, who "have established to the satisfaction of the Government that the duty-free entry of imports from general preferential tariff beneficiaries has resulted in a considerable loss of orders for them, thus causing a loss of employment and a significant injury to them."[47] At the same time, Canadian manufacturers "have undertaken to develop, before 1 July 1976, definite plans for restructuring and rationalizing their operations so as to improve their competitiveness. The general preferential tariff will be then restored, if, on that date, it appears that there is little likelihood that a viable rubber footwear industry can be sustained in Canada."[48]

30. *EEC* has introduced changes in the manner of calculating ceilings and in the administration of preferential imports. For the calculation of ceilings, the reference year for the supplementary amount has been changed from 1971 to 1972, while remaining 1971 for the basic amount. Improvement with respect to textiles was made, not through a change in the reference year for the supplementary amount, but through a nominal increase of 5 per cent over the 1974 ceiling.

31. EEC has also made a significant change by reducing sharply the number of sensitive products, other than textiles, subject to tariff quotas from 51 in the scheme for 1974 to 16 in the scheme for 1975. These 35 products have been transferred to a new list of products subject to tariff ceilings. Preferential imports of such products are, however, subject to special provisions: the maximum amount limitations are to be strictly enforced and a special maximum amount of 15 per cent has been set for individual beneficiary countries and territories under certain conditions. Moreover, on a trial basis a Community reserve has been introduced for two tariff quotas,[49] which can be reallocated among member States according to specified procedures and percentage shares.

32. In fiscal years 1974 and 1975 *Japan* also made improvements in the administration of ceilings. The number of product groups in fiscal year 1974 was reduced from 189 to 182, the latter figure being composed of 125 under monthly control, 46 under daily control and 11 under prior allotment. For fiscal year 1975, the number of product groups under daily control has been reduced to 41. Moreover, the number of products subject to flexible administration of ceilings and maximum amounts has been increased to 116 and 124, respectively, in fiscal year 1974 and, following a re-arrangement of items, to 118 and 122 respectively, in fiscal year 1975.

E. Rules of origin

33. As an alternative to the requirements of its scheme concerning documentary evidence, *Australia* has accepted since 1 July 1974 the normal invoice and Form A, provided that the latter incorporates the usual declaration by the exporter with respect to the last country of manufacture and the value added requirement. Also as of that date, certification by governmental and non-governmental bodies with respect to handicraft products is no longer required.

34. *EEC* introduced further improvements in 1975, in particular through deletion of the process requirements in list A for 18 tariff positions[50] and enlargement of list B through the inclusion of 181 positions, mainly in CCCN chapters 28-39.[51] The rules also contain an important innovation in providing for partial cumulative treatment for three regional groupings: the Central American Common Market (CACL), the Andean Group and the Association of South-East Asian Nations (ASEAN).

35. *Japan* also made certain improvements in the scheme for fiscal year 1975. In list A, process requirements with respect to 24 chapter headings or subheadings[52] have been eliminated. Moreover, the nature of the process requirements has become more liberal with respect to 14 headings or sub-headings.[53] Also, list B has been enlarged by the addition of two sub-headings.[54]

36. *Norway* and *Sweden* have harmonized and liberalized the origin rules, in particular through amendments to lists A and B. The rules now concord with the corresponding rules of EEC as regards products in CCCN chapters 25-99. Moreover, certificates of origin need no longer be sent directly to the Norwegian customs authorities but are also accepted if a copy is sent from the customs authorities in the EEC or EFTA countries. Sweden has also introduced provisions concerning consignments of small value.[55] *Austria* has added and modified certain origin requirements in list A and relaxed the rules through enlargement of list B.[56] These changes result in further harmonization with the EEC rules.

46 Tariff item 61.700-1. This measure does not affect canvas shoes with rubber soles (61.10-1), on which the preferential rate has been maintained.

47 Document TD/B/373/Add.4/Annex I (Vol. I)/Amend.2.

48 *Ibid.*

49 Primary cells and primary batteries (85.03) and radio and television apparatus (85.15 A. III and C. III).

50 These are, in terms of CCCN headings or sub-headings: ex 28.13, ex 28.19; ex 28.27; ex 28.28; ex 28.29; ex 28.30; ex 28.33; ex 28.42; ex 29.02; ex 29.35; ex 29.38; ex 37.13; 34.02; ex 48.07; 96.01; and 98.15.

51 Specifically, chapters 28-37; ex chapter 38; ex 38.05; and chapter 39.

52 21.02; ex 29.16; ex 32.13; 45; 28.10; 48.11; 48.13; ex 50.03; 53.05; ex 54.01; ex 54.02; 55.04; ex 57.01; ex 57.02; ex 57.03; ex 57.04; 66.02; 71.12; 71.13; 71.14; 94.04; 96.01; 97.04; 97.05.

53 52.01; 52.02; chapter 58; 59.01; 59.02; 59.03; 59.04; 59.05; 59.06; 59.13; 59.17; ex chapter 60; 73.25 and 73.26.

54 ex 70.10 and ex 70.13.

55 See document TD/B/373/ADD.2/Annex/Amend.4.

56 See document TD/B/373/Add.3/Amend.5.

Chapter IV

OPERATION AND EFFECTS OF THE SYSTEM

37. Most of the schemes had entered into force by early 1972 and have thus been in operation for four full years. In response to requests from the UNCTAD secretariat, a number of preference-giving countries have supplied statistical information on imports from beneficiaries of their schemes. However, owing to time lags in the compilation and tabulation of trade statistics, the information received relates mainly to 1972 and 1973, and in only a few instances to 1974.

38. Information supplied by preference-giving countries varies with respect to the extent of detail on individual products and individual beneficiaries as well as with respect to the period covered. The data often do not separately distinguish imports which actually received preferential treatment. Several countries, however, have supplied data on computer tapes or computer print-outs, which has greatly facilitated a detailed analysis of the trade effects of their schemes.[57] Although data limitations preclude a precise over-all assessment of the trade effects of the GSP, a summary of the information received since the last review of the schemes currently in operation is given below.

A. Trade effects of individual schemes

1. Austria

39. Total imports from beneficiaries of the Austrian scheme grew from $458 million in 1972 to $645 million in 1973 and $1,712 million in 1974, but in terms of Austrian schillings the increase amounted only to 21 per cent and 71 per cent, respectively. Imports eligible for preferential treatment amounted to $222 million, $335 million and $762 million in the three successive years, increasing much faster than total imports. The increase in terms of Austrian schillings was 30 per cent in 1973 and 114 per cent in 1974. Most of the increase in imports in 1974 of eligible products was accounted for by the rise in petroleum prices. Excluding those products, total imports from beneficiaries increased by 28 per cent and imports of eligible products by 30 per cent in 1974. No data are available on imports which actually received preferences, but the product coverage, which was extensive even at the introduction of the Austrian scheme, has been improved. Imports of eligible products as a share of dutiable imports rose from 76 per cent in 1972 to 86 per cent in 1974.

2. European Economic Community

40. In the absence of complete information by product and beneficiary on imports actually receiving preferential treatment under the EEC scheme, estimates have been made for 1972, which was the first full year of implementation of the scheme and the latest year for which sufficiently detailed import statistics are available. EEC imports of products in CCCN chapters 1-24, which amounted in total to 3,248 million units of account (u.a.) from beneficiaries not already receiving special preferences, were more frequently dutiable and also subject to higher duties than were products in CCCN chapters 25-99, but fewer of them were eligible for preferential treatment. Dutiable imports amounted to 79 per cent of total imports in CCCN chapters 1-24. Imports of products covered by the scheme were estimated to be 45 million u.a. from all beneficiaries and 40 million u.a. or 1.9 per cent of dutiable imports, from beneficiaries which had fulfilled the notification requirements. Because EEC imports of products in CCCN chapters 1-24 were not subject to the limitations applied to preferential imports in CCCN chapters 25-99, the estimates assume that all imports eligible for GSP treatment actually received such treatment. This overstates the true position, however, since some imports would not have received preferential treatment because of failure to comply with the rules of origin or neglect by traders to claim preferential treatment. In total, imports by the six EEC members in 1972 of products in CCCN chapters 25-99 from beneficiaries which did not already enjoy special bilateral preferential arrangements amounted to 12,694 million u.a. Most of these imports consisted of duty-free petroleum, however, leaving a balance of only 1,859 million u.a., or 15 per cent of total imports, which was dutiable. About 87 per cent of these dutiable imports in 1972 were covered by the scheme. Because of *a priori* limitations, however, in the form of tariff quotas, ceilings, and maximum amounts, potentially preferential imports did not exceed 580 million u.a. In addition, failure by certain beneficiaries to notify EEC of the authorities empowered to certify documents of origin may have resulted in preferential imports being lower than that figure—an estimated 523 million u.a., or only one-third of imports of products covered by the scheme. This estimate probably still overstates actual preferential imports because it assumes an even distribution of tariff quotas among beneficiaries and ignores rules of origin problems. Non-notification has become less of a problem for beneficiaries of the EEC scheme in 1974. The number of beneficiaries which have notified EEC of the names of bodies authorized to issue certificates of origin increased from 60 at the beginning of 1974 to 89 at the end of that year.[58] The average rate of utilization of ceilings and tariff quotas for all product groups in CCCN chapters 25-99 amounted to 66 per cent, although it varied according to product group and the method of administration of preferential imports. The lowest rate of utilization (16 per cent) was recorded for ECSC iron and steel products subject to tariff quotas, and

[57] These data have been analysed and reproduced in documents TD/B/C.5/30 and Add.1 and 2 (replies received from preference-giving countries) and in documents TD/B/C.5/34/Add.1 (study of the operation of the EEC scheme in 1972) (reproduced in this volume) and TD/B/C.5/35 (scheme of Japan for fiscal year 1972) (*id.*), chap. II.

[58] See TD/B/C.5/30/Add.2, para.2.

the highest (114 per cent) for semi-sensitive petroleum products subject to ceilings under special surveillance.

3. Finland

41. Total Finnish imports from beneficiaries of its scheme amounted to $199.6 million in 1972, $303.0 million in 1973, and $575.8 million in 1974. In terms of Finnish marks, the increases in 1973 and 1974 were 52 per cent and 90 per cent respectively. Imports eligible for preferential treatment in 1974 ($33.6 million) were four times greater than those for 1972 and more than double those for 1973. The share of imports eligible for such treatment in total and dutiable imports from beneficiaries, after increasing slightly in 1973, grew by 1.4 and 9.9 percentage points, respectively, between 1973 and 1974. Imports which actually received benefits, expressed as a percentage of those eligible for preferential treatment, grew by 41.3 percentage points between 1972 and 1973, but declined by 3 percentage points between 1973 and 1974. In absolute value, imports receiving preferences almost tripled from 1973 to 1974, reaching $26.7 million, or 71 per cent of imports of products covered by the scheme, in the latter year. This rate of utilization of the scheme is more than double that for 1972. In keeping with this trade performance, the number of beneficiaries that actually received preferences grew from 19 to 26 between 1973 and 1974.

4. Japan

42. Data on imports eligible for preferential treatment and on imports which actually received preferential treatment, by product line but not separately for each beneficiary, are available for fiscal years 1972 and 1973 and for the first nine months of fiscal year 1974.[59] The Government of Japan has supplied data on total and dutiable imports only for fiscal year 1972.[60] In that fiscal year imports by Japan from beneficiaries of the scheme amounted to $10.9 billion, 86 per cent of which consisted of products falling within CCCN chapters 25-99. About 64 per cent of these imports (almost $7 billion) were dutiable, but of this amount only $1.1 billion, or 16 per cent, were eligible for preferential treatment. Because of non-compliance with rules of origin, including failure to notify the names of certifying officials, and also because of the application of *a priori* limitations, affecting products mainly in CCCN chapters 25-99, preferential treatment was accorded to only $362 million, or 32 per cent, of eligible imports.

43. Utilization of the scheme of Japan has improved in both absolute and relative terms. In fiscal year 1973 imports of products covered by the scheme were more than double their value in fiscal year 1972, rising to $2.7 billion, and preferential imports recorded a similar increase, to $970 million, raising the share of imports that actually received preferences in imports of products covered by the scheme to over 35 per cent. For the first nine months of fiscal year 1974, this share rose to almost 54 per cent, although the tendency of the *a priori* limitations to take effect in the latter part of the fiscal year will undoubtedly have lowered the ratio for the fiscal year as a whole.

5. New Zealand

44. Total imports by New Zealand in CCCN chapters 1-99 from beneficiaries of its scheme amounted to some $164 million in 1972. Imports of semi-manufactured and manufactured products in CCCN chapters 25-99 amounted to almost $131 million, or 80 per cent of the total imports, while agricultural products in CCCN chapters 1-24, valued at almost $34 million, made up the rest. The share in these totals of imports of products covered by the scheme in 1972 amounted to 31 per cent, 11 per cent and 15 per cent for CCCN chapters 1-24, 25-99 and 1-99 respectively. In absolute terms, total imports of products covered by the scheme equalled $25 million, while preferential imports totalled $24 million. The share of eligible imports which actually received preferential treatment is also extremely high, 98 per cent, 94 per cent and 96 per cent, respectively, for CCCN chapters 1-24, 25-99 and 1-99.

6. Norway

45. Total Norwegian imports from beneficiaries of the scheme more than doubled between 1972 and 1974, rising to $753 million. Whereas dutiable imports ($26 million) accounted for only 8 per cent of total imports from beneficiaries in 1972, they accounted for 28 per cent in 1974. This suggests that beneficiary countries have altered their exports to Norway in response to anticipated preferences. The considerable growth in imports of products covered by the scheme, from $13 million in 1972 to $30 million in 1974, resulted in an increase in the share of such imports in dutiable imports from 49 per cent in 1972 to 71 per cent in 1974. The five-fold growth of preferential imports from $2 million to $11 million between 1972 and 1974 raised their share in imports of products covered by the scheme from 16 per cent to 29 per cent.

7. Sweden

46. The total value of Swedish imports from beneficiaries under its scheme rose from $948 million in 1973 to $1,809 million in 1974, an increase of 97 per cent in terms of Swedish kroner. Dutiable imports from beneficiaries equalled $421 million in 1974, of which $115 million, or 27 per cent, were eligible for preferences. This proportion was the same as in 1973. The share of eligible imports which actually received preferential treatment under the scheme rose slightly, from 73 per cent in 1973 to 74 per

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[59] All references to fiscal years in paragraphs 42 and 43 are to fiscal years beginning 1 April.

[60] Estimates by beneficiary of imports eligible for preferences and of imports actually granted preferences for fiscal year 1972 are given in the study by the UNCTAD secretariat of the scheme of Japan (document TD/B/C.5/35, reproduced in this volume).

cent, or to $86 million in value, in 1974. Excluding those countries which, as of 31 December 1974, had not fulfilled the Swedish origin requirements for participation in the scheme, the share was 75 per cent.

8. Switzerland

47. Total imports by Switzerland from beneficiaries rose in value from $586 million in 1972 to $1,551 million in 1974.[61] Although no information was received on dutiable imports, the latest information indicates that imports of products covered by the scheme grew from $209 million in 1972 to $509 million in 1974.[62] Thus, the share of such products in total imports remained about one-third. The rate of utilization of the scheme has increased considerably in both absolute and relative terms. The value of imports which actually received preferences in 1974 ($209.3 million) was over three times the level of 1972 ($64.0 million), while, as noted above, over the same period imports of products eligible for preferences more than doubled (to reach $509 million). Thus, imports which received preferential treatment as a proportion of imports eligible for such treatment grew from 30.6 per cent in 1972 to 41.1 per cent in 1974.

9. United Kingdom

48. Total imports from beneficiaries of the United Kingdom scheme rose from $997 million in 1972 to $1,446 in 1973 (the last year of operation before that country's participation in the EEC scheme). The value of imports which received preferential treatment in 1973 amounted to $272.6 million (agricultural imports in CCCN chapters 1-24: $43.9 million; industrial imports in CCCN chapters 25-99: $228.6 million). Preferential imports more than tripled betveen 1972 and 1973, while total imports from beneficiaries rose only 44 per cent in terms of pounds sterling. Thus, imports which actually received preferences rose from 8 per cent of total imports in 1972 to almost 19 per cent in 1973.

B. Effects on the least developed among the developing countries

49. The latest information available on actual or estimated imports under the GSP from the 25 least developed countries is analysed in detail in a report by the UNCTAD secretariat.[63] Although incomplete, it shows that in recent years roughly half of the combined imports of preference-giving countries from the least developed countries were agricultural products falling within CCCN chapters 1-24 and the remainder were primarily industrial raw materials in CCCN chapters 25-99.

50. In most of the preference-giving countries, the majority of imports from the least developed countries in CCCN chapters 1-24 were subject to duties, but were only marginally covered by the GSP schemes. In CCCN chapters 25-99 most imports from the least developed countries were duty-free (except in the United States and Switzerland) and thus outside the scope of the GSP. Consequently, only a small fraction of total exports from the least developed among the developing countries were eligible for preferential treatment. Afghanistan, Guinea, Haiti, Malawi, Sudan and Uganda were the major suppliers of those products eligible for preferences.

51. Only about one-half of the imports from the least developed countries eligible for preferences actually received preferential treatment. Three factors seem to be mainly responsible for this state of affairs. Many least developed countries did not notify the preference-giving countries of the authorities empowered to validate certificates of origin and thus unwittingly precluded their exporters from taking advantage of the schemes. Some exports eligible for preferential treatment did not satisfy other origin requirements or were affected by limitations applied under certain schemes. Hence, expansion of the coverage of the schemes to include products currently exported by the least developed among the developing countries, in particular agricultural products, the fulfilment of the notification and other origin requirements and removal of all limitations on preferential imports from these countries would serve to enhance the benefits accruing to them under the GSP.

C. Concluding remarks

52. This survey of the trade under the GSP schemes currently in operation shows that most preference-giving countries have registered a substantial growth, in absolute terms, in total imports from beneficiaries of their schemes, in dutiable imports, imports of products covered by their schemes and also in imports actually granted preferences. Not all of this expansion in preferential imports can be attributed exclusively to the GSP. There has been a devaluation of the dollar, an increase in oil prices and changes in other economic factors. Nevertheless, even if allowance were made for these changes, there has clearly been increased benefit derived from the GSP. The ratio of imports of products covered by the schemes to dutiable imports has generally gone up, owing in part to expansion of product coverage and in part to the responsiveness of beneficiaries to anticipated preferences.

53. The extent of utilization of the GSP has also increased in most instances. This rise in preferential imports as a percentage of imports of products covered by the scheme reflects better performance on the part of the beneficiaries in fulfilling notification and other rules of origin requirements as well as the efforts of the preference-giving countries in simplifying and publicizing these requirements. The number of countries which have taken advantage of the GSP has increased, and there is a prospect that, with improved performance regarding notification requirements, further elimination of *a priori* limitations, continued expansion of product coverage and deeper tariff cuts, all developing countries will enjoy a substantially greater volume of preferential trade under the GSP.

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[61] Data for 1972 in this paragraph refer to the ten months beginning 1 March 1972 (when the scheme of Switzerland was implemented).

[62] See document TD/B/C.5/30/Add.1.

[63] See document TD/B/C.5/39, reproduced in this volume.

Chapter V

THE GENERALIZED SYSTEM OF PREFERENCES AND THE LOMÉ CONVENTION

54. The Convention signed on 28 February 1975, at Lomé, Togo, laid the basis for close economic co-operation between the nine member States of the European Economic Community on the one hand and 46 African, Carribbean and Pacific States on the other. The Convention, which was concluded for an initial period of five years, has made it possible for six[64] of the ACP countries to acquire a new relationship with EEC and for the other 40[65] to maintain their privileged market status under the Yaoundé Convention[66] and the Arusha Agreement[67] and/or the Commonwealth Preference System. As indicated below, the Lomé Convention has important implications for the GSP with respect not only to tariff preferences, in which the two systems converge, but also to development co-operation policy in general.

55. The main provisions of the Convention concern the conditions of access for the ACP countries in the EEC market, the establishment of a system of stabilization of their export earnings, the introduction of industrial co-operation and increased financial and technical assistance from the Community.

56. As regards market access, imports from ACP countries by the Community will be made free of customs duties and changes having equivalent effect. However, for agricultural products subject to the common agricultural policy (CAP) or to specific rules introduced as a result of CAP, the Community will as a general rule grant ACP countries treatment more favourable than that applicable to third countries. The products concerned are: beef and veal; fishery products; oils and fats; cereals; rice; fruit and vegetables; products processed from fruits and vegetables; certain sugar confectionery; cocoa preparations; preparations of flour meal and certain food preparations; raw tobacco; flax and hemp; hops; live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage; seeds; dehydrated fodder; and other products listed in annex II to the Treaty of Rome. The treatment concerning these products will consist of duty-free entry in the case of those products where the customs duty is the only form of import protection. For other products it may consist of partial or full reduction of customs tariff or of the fixed component of protection, as the case may be. For selected products, the variable levy or variable component of the levy may also be reduced or eliminated.

57. The Community estimates that in 1973 total imports from the ACP countries amounted to about $7.6 billion. The products subject to CAP represented about $1 billion, or 13.4 per cent of this total. Duty-free treatment will apply to 94.2 per cent of these agricultural imports, with sugar accounting for 22.3 per cent. For the remaining 5.8 per cent (or 0.8 per cent of total imports), the ACP countries will, as was explained above, receive more favourable treatment than that applied to third countries.

58. The Community will not apply to imports originating in ACP countries any quantitative restrictions, or measures having equivalent effect, other than those which the member States apply among themselves. This measure will be applied without prejudice to the import treatment reserved for agricultural products subject to CAP or special régime. It will also be applied without prejudice to EEC treatment of certain products arising from implemention of world commodity agreements to which the Community and ACP countries are parties.

59. In view of their development needs, the ACP countries will not be required to grant reciprocal advantages to the Community. They have, however, agreed to grant to the Community treatment no less favourable than MFN treatment. This obligation does not apply in respect of trade or economic relations between ACP countries or between one or more ACP countries and other developing countries to which more favourable treatment could be applied.

60. The Community will rely on the standard escape clause to safeguard the interests of domestic producers. Moreover, whenever escape action is taken, a mechanism of consultations comes into play to préserve the objectives of the Convention.

61. The Community will base its origin rules on the process criterion. These rules provide for cumulative treatment in the sense that ACP countries will be considered as one area with respect to originating products. They also provide for "Community content", whereby products obtained in the Community and further processed in one or more ACP countries are considered as "originating products".

62. The Convention also seeks to stabilize the export earnings of ACP countries for those products on which these countries' exports were found to be heavily dependent. The stabilization system applies to 12 products in primary and processed forms: groundnut products; cocoa products; coffee products; cotton products; coconut products; palm, palm nut and kernel products; raw hides, skins and leather; wood products; fresh bananas; tea; raw sisal, and iron ore.

63. An ACP country reaches the "dependency thresh-

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[64] Ethiopia, Equatorial Guinea, Guinea-Bissau, Liberia and Sudan.

[65] Countries signatories of the *Yaounde Convention*: Burundi, Central African Republic, Chad, Congo, Gabon, Dahomey, Ivory Coast, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, United Republic of Cameroon, Upper Volta and Zaire: *Commonwealth developing countries*: in Africa — Botswana, Gambia, Ghana, Kenya, Lesotho, Malawi, Nigeria, Sierra Leone, Swaziland, Uganda, United Republic of Tanzania and Zambia; in the Carribbean — Bahamas, Barbados, Grenada, Guyana, Jamaica, Trinidad and Tobago; in the Pacific — Fiji, Tonga and Western Samoa.

[66] The second Convention of association between the EEC and 18 African States associated with the Community and Madagascar was signed at Yaoundé (Cameroon) on 29 July 1969.

[67] Agreement establishing an Association between the EEC and the United Republic of Tanzania, the Republic of Uganda and the Republic of Kenya, signed at Arusha (United Republic of Tanzania) on 24 September 1969.

old" for one of these products when its earnings from exports of it to all destinations represent at least 7.5 per cent (5 per cent for sisal) of its total earnings. It becomes eligible for financial transfer in any one year if its earnings from the export of one of these products to the Community fall by 7.5 per cent ("fluctuation threshold") below the average of receipts during the preceding four years. Both the dependency and the fluctuation thresholds are reduced to 2.5 per cent for the 34 ACP countries which are least developed, land-locked or island countries. The Community has made available 375 million u.a. as a stabilization fund. Each ACP country recipient of financial transfers, except for 24 among them classified for purposes of the Convention as least developed countries, will in general be required to contribute to the reconstitution of the fund when the trends of their export earnings make this possible.

64. In addition to trade promotion measures, the Convention aims at strengthening the industrial base of ACP countries through the extension of assistance in establishing manufacturing capacity for the processing of raw materials, development of the infrastructure, training, access to technology, etc. The Community will allocate 3,390 million u.a. (including the stabilization fund), mostly in the form of grants, to assist in the execution of industrial, mining and tourism projects of general interest to the economies of the ACP countries.

65. Both the Lomé Convention and the GSP aim principally at promoting the trade and economic development of beneficiary developing countries. The Community, however, offers under the Convention much better conditions of market access than those offered under its scheme of generalized preferences. The Convention, for instance, has a much wider product coverage than the scheme, and provides for deeper tariff cuts; there are no ceiling or tariff quota limitations on preferential imports, and the rules of origin are more liberal. The Community relies on this differential treatment, as it did initially for countries signatories of the Yaoundé Convention, to safeguard the interests of ACP countries in those products in which they share their special preferences with beneficiaries of its generalized preferences. This, however, has not prevented and should not prevent the Community from continuing to improve its scheme of generalized preferences, especially as part of a common effort by developed countries to extend broad and comprehensive measures of economic co-operation to all developing countries (see para. 109 below).

66. Unlike the EEC scheme, the Lomé Convention does not limit itself to improving market access for ACP countries to the Community. It has also introduced other essential instruments of economic co-operation, so as to make it possible for these countries to take full advantage of their new ties with the EEC market. These instruments, as mentioned above, encompass trade promotion measures, the stabilization of export earnings, industrial co-operation, and financial and technical assistance.

67. Recognizing the advantages of this Convention, a number of developing countries have already asked that its benefits should be extended to all developing countries. Such a request comes at a time when the Community has embarked on the formulation of an over-all development co-operation policy in favour of developing countries. In this connexion the European Parliament, in May 1975, passed a resolution on the Community's over-all development co-operation policy,[68] stressing the necessity of laying down priorities for Community action, with particular regard to:

Improving generalized preferences;

Increasing technical assistance for sales promotion;

Extending industrial, scientific and technological co-operation;

Encouraging the conclusion of international agreements on raw materials;

Increasing financial co-operation.

68. In the same resolution, the Parliament asked the EEC Council and Commission "to give consideration to the abolition of non-tariff obstacles to trade". It also expressed the hope that the "stabilization fund to be set up under the new EEC/ACP Association Agreement will be a useful and constructive experiment in the area of primary commodities".

69. Thus, the over-all development co-operation policy of EEC in favour of all developing countries by and large covers the same areas as are covered by the Lomé Convention. If all the elements of such an over-all policy were effectively implemented with respect to other developing countries, the benefits would be considerable. There is no doubt that the prospect of the EEC's implementing such a comprehensive economic co-operation policy towards all developing countries would be greatly enhanced if efforts regarding such a policy were made by all developed countries acting in concert.

[68] See *O.J.E.C.* No. C 111, 20 May 1975, pp. 22-24.

Chapter VI

THE GENERALIZED SYSTEM OF PREFERENCES AND THE MULTILATERAL TRADE NEGOTIATIONS

70. In a separate study before the Special Committee,[69] the UNCTAD secretariat has attempted to provide developing countries with additional trade and tariff information on the relationship between the GSP and the current multilateral trade negotiations being held under the auspices of GATT. That study extends the field of inquiry of an earlier study,[70] which had laid the groundwork by suggesting broad approaches for safeguarding

[69] See document TD/B/C.5/37, reproduced in this volume.

[70] Document TD/B/C.5/26.*

and extending preferential treatment for developing countries in the negotiations.

71. The new study has identified 160 products in CCCN chapters 25-99 which are of importance to the developing countries and with respect to which there is a likelihood that preferential margins under the GSP schemes of EEC, Japan and the United States will be eroded as a result of the negotiations. The products were identified by using various criteria based on the relative share of developing countries in imports in major industrial markets as well as the growth of such imports.

72. Based on products representing roughly three-quarters of total exports by developing countries of products in CCCN chapters 25-99, the study develops the three "product profiles" or categories of products with respect to which some form of preferential treatment for developing countries might be considered.

73. The first category relates to products of which developing countries as a whole may be classified as "major suppliers" to developed market-economy countries. This category comprises 19 products, with a total import value of $6.5 billion and representing over half the combined export total for developing countries. The majority of products in this category are traditional exports of developing countries, such as metallic ores and certain textiles products.

74. The second category relates to products for which the percentage shares in total imports into the developed market-economy countries of all the selected products are greater in respect of imports from developing countries than from the world. This category comprises 45 products, imports of which are valued at $2.5 billion, and includes certain textiles and wood, leather and chemical products.

75. The third category relates to products with respect to which the rate of growth of imports from the developing countries in the period 1967-1971 is higher than the rate of growth of imports from all other countries during the corresponding period. This category comprises 96 products, imports of which are valued at $2.0 billion, and includes wood, chemical and metal products and machines and tools.

76. The total value of imports by 19 developed market-economy countries from developing countries of the products included in the above categories amounted to $11 billion, out of imports from all sources (CCCN chapters 25-99, excluding petroleum) of $121 billion, or barely 9 per cent of the total. The incorporation of these products into a differential and preferential arrangement for the developing countries would favourably affect close to 70 per cent of total imports in CCCN chapters 25-99 by developed market-economy countries from developing countries.

77. Given the above profiles, the study concludes that priority for preferential treatment should be given to products under "higher relative share" and "high growth rate" categories. Since most of these products are already covered under the existing GSP schemes, the greatest erosion of preferential margins resulting from the multilateral trade negotiations is likely to be for these products. By the same token, retention of preferences on these products could divert trade in manufactures in favour of developing countries.

78. For products in the "major supplier" category, a maxture of preferences and deep cuts on MFN tariffs may be desirable. Where the developing countries are preponderant sources of supply, deep cuts on an MFN basis could be in their interest. For those products where they supply much, but not an overwhelming share, of the market, and there are relatively high tariffs, preferential tariff cuts in favour of developing countries would not only create more trade for those countries but also divert more trade to them.

79. All the three categories include a number of textile and leather products which are excluded from the current GSP schemes and are not likely to be included in the future. For these products, the developing countries have an interest in pressing for deep cuts on MFN tariffs.

Chapter VII

CONCLUSIONS AND RECOMMENDATIONS

80. In any evaluation of the GSP or proposals for its improvement it is necessary to bear in mind the objectives for which it was established, namely, to increase the export earnings of developing countries, promote their industrialization, and accelerate their economic growth.

81. Although tariff preferences do not constitute a panacea for all trade and development problems facing the developing countries, they nevertheless improve access to the markets of developed countries and can thus facilitate the achievement of the objectives of the system. While in the short run they can contribute to increasing export earnings, a rather long period is necessary before they can bring about faster industrialization and economic growth. However, for these long-term effects to be felt, the GSP should provide maximum preferential tariff margins on all products of current and potential export interest to developing countries. Moreover, these margins should be maintained and guaranteed for the duration of the GSP with regard both to the product coverage and to beneficiaries.

82. The question of the scope, duration and stability of the GSP acquires special importance in the light of the recommendation in the Lima Declaration that the share of the developing countries in total world industrial production should be increased to the maximum possible

extent, and as far as possible to at least 25 per cent of total world industrial production, by the year 2000.[71]

83. The GSP as at present applied is not uniform; it consists of the individual schemes of preference-giving countries, which differ from one another in many essential respects such as the lists of beneficiaries, product coverage, depth of tariff cuts, safeguards and rules of origin. Apart from the inadequacies of the schemes in one way or another, the preferences are surrounded by uncertainty because the GSP does not constitute a binding commitment on the part of the preference-giving countries.

84. Despite its complexities and inadequacies and the relatively short period of its operation, the GSP has proved to be a workable instrument of trade co-operation between developed and developing countries. However, substantial and early improvements are required if the system is to attain its objectives and become an effective instrument of development co-operation. The areas requiring improvement are briefly reviewed below.

A. Beneficiaries

85. All preference-giving countries should fully implement the agreed conclusions of the Special Committee with respect to beneficiaries,[72] and recognize under their respective schemes the beneficiary status of developing countries without discrimination, reciprocity or any other conditions.

B. Product Coverage

86. The schemes cover practically all industrial products in CCCN chapters 25-99, with the exception in most cases of certain "sensitive" products (mainly textiles, leather footwear and articles of leather) and petroleum and petroleum products. However, these excluded products, although relatively few in number, account often for the bulk of industrial imports from developing countries. The schemes also cover agricultural products in CCCN chapters 1-24, but on a selective basis.

87. It can be estimated that the schemes of developed market-economy countries cover only 10 per cent of their dutiable agricultural imports from developing countries and not more than 40 per cent of dutiable industrial imports, or roughly one fourth of total dutiable imports from developing countries. The coverage varies from one beneficiary developing country to another. It is relatively small for developing countries relying heavily on exports of agricultural products and greater for those with a more diversified export structure. If all developing countries are to derive significant and equitable benefits from the GSP, the product coverage therefore needs to be extended to include all products currently exported by them, and especially agricultural products, which are of great importance for most developing countries, particularly the least developed.

C. Depth of tariff cut

88. Most of the schemes provide for duty-free entry for manufactures and semi-manufactures in CCCN chapters 25-99, but few extend the same treatment to agricultural products in CCCN chapters 1-24. Generally, varying degrees of tariff cuts apply to these agricultural products. Duty-free entry for all products covered by the GSP would not only ensure a maximum tariff advantage but also equality of access as regards the markets of preference-giving countries.

D. Safeguards

89. Preferential imports are subject to *a priori* limitations under certain schemes, including two major ones. The ceilings are by and large set at a level often much below that of current imports from developing countries. Consequently, only part of these imports of products covered by the schemes are eligible for preferential treatment and an even smaller part actually receives such treatment because of the complex administration of the *a priori* limitations.[73] These limitations also render the preferential treatment highly uncertain and so preclude developing countries from taking the GSP into account in their investment decisions related to production for export. The relaxation and flexibility introduced so far by EEC and Japan have not basically changed their respective systems of *a priori* limitations.

90. Elimination of *a priori* limitations would substantially enlarge the trade coverage of the schemes of EEC and Japan. If total elimination is not feasible for genuinely import-sensitive products, ceilings could be so set as to cover current imports from beneficiaries and provide for a reasonable growth of imports until it becomes possible to remove the limitations on these products altogether. All other limitations and related administrative requirements with regard to preferential imports of such sensitive products should be dispensed with.

91. Under the United States scheme preferential treatment for an article will be denied to a beneficiary if United States annual imports of the article from that

[71] See *Lima Declaration and Plan of Action on Industrial Development and Co-operation*, adopted by the Second General Conference of UNIDO held at Lima in March 1975 (UNIDO publication PI/38), para. 28.

[72] Section IV of the agreed conclusions adopted on 12 October 1970 by the Special Committee on Preferences at the second part of its fourth session. The text of the agreed conclusions is reproduced as an annex to decision 75 (S-IV) of the Trade and Development Board (*Official Records of the Trade and Development Board, Fourth Special Session, Supplement No. 1* (TD/B/332).

[73] For example, analysis of the trade effects of the EEC scheme for 1972 has shown that total dutiable imports by EEC in CCCN chapters 25-99 from "real" beneficiaries of the scheme in that year amounted to 1,717 million u.a. About 1,067 million u.a., or 62 per cent, of these imports were covered by the scheme, of which half was sterilized through *a priori* limitations. Only 302 million u.a. or about 28 per cent of imports covered by the scheme, actually received preferential treatment (see, in this volume, document TD/B/C.5/34/Add.1, table 2).

country exceed $25 million or 50 per cent of total United States imports of the article (the "competitive need" criteria). It can be estimated that application of these criteria would reduce by more than half the value of imports eligible for preferential treatment.[74] These competitive need criteria would not only deny preferential treatment to beneficiaries whose exports have attained the limits in question but would also discourage investment for export by all other beneficiaries for fear that such exports may reach the limit and that the preferential treatment will then be withdrawn.

92. Elimination of the competitive need criteria would not only double the trade coverage of the United States scheme, but also provide an incentive to expansion of production for export, which is a major objective of the GSP.

E. Rules of origin

93. The rules of origin applied in the context of the GSP also vary from one scheme to another. In the schemes of the countries of Western Europe and Japan the definition of substantial transformation is based on the process criterion, while for the other developed market-economy countries it is based on the value added criterion. Despite the significant progress achieved so far in harmonization of the origin rules based on the process criterion, many substantive differences still subsist. No attempts have as yet been made for a substantive harmonization of rules based on the value added criterion.

94. The substantive differences with regard to the substantial transformation requirement may create unequal conditions of access to the markets of individual preference-giving countries and cause some deflection of trade. Moreover, the requirement is unduly stringent with regard to certain traditional export products of the developing countries, which are consequently denied preferential treatment.

95. There is an urgent need for substantive harmonization and simplification of the rules of origin, as well as for relaxation of unduly stringent requirements. One of the main requests of the developing countries—that they should be treated as one area for origin purposes—has so far been fully met only in one scheme, and only partially, and on a sub-regional basis, in two other schemes. A general application of cumulative treatment would to a large extent reduce the negative impact of substantive differences among the various origin rules and relax the stringency of the substantial transformation requirements.

96. In addition to the essential elements of the GSP discussed above, there are three other aspects which also impinge on its effectiveness—the legal status of the system, its duration and the possible erosion of preferences as a result of factors external to the system.

F. Legal status

97. In agreeing to grant preferences under the GSP, the preference-giving countries stated that their grant was not a binding commitment and did not prevent their subsequent withdrawal in whole or in part. They further reserved the right to reduce their MFN tariffs unilaterally or following international tariff negotiations.[75] The present status of the GSP thus gives rise to serious uncertainty about the value of tariff preferences in achieving its objectives. This uncertainty arises with respect both to beneficiary countries and to products, since a preference-giving country can unilaterally, and without prior consultation, withdraw preferential treatment in whole or in part from a beneficiary or for a product.

98. The strengthening of the commitment by preference-giving countries into one of a binding nature is therefore essential. The system would be most effective if all preferential rates were reduced to zero and were binding. Even if this should not be possible at the present stage, zero rates should be the rule for all products covered by the schemes, and rates should be obligatory for products of special export interest to developing countries—at a level below the MFN rate, if not at zero. The GSP concessions would become more secure if the possibility of unilateral and arbitrary action by the preference-giving countries were excluded. To this end objective criteria and procedures for consultations should be developed, together with an appropriate institutional framework for their implementation, and any intention to withdraw or reduce preferences should be subject to prior consultations with countries concerned. Furthermore, any escape action eventually taken should be temporary and subject to periodic review. Adequate compensation should be provided for any preference permanently withdrawn or reduced.

G. Duration

99. The GSP was also conceived as a temporary measure, with a ten-year initial duration. It was evident from the outset that this period was too short for the attainment of its objectives, since the large majority of the developing countries are still at an early stage of industrialization and therefore unable to take full advantage of the concessions. This consideration was considered of crucial importance by the General Assembly which, in its resolution on development and international economic co-operation adopted at its seventh special session stated that "the generalized scheme of preferences should not terminate at the end of the period of ten years originally envisaged and should be continuously improved through wider coverage, deeper cuts and other measures . . .".[76]

100. One vital question is for how long beyond 1981 the GSP should be extended. There is no doubt that the

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[74] Estimates based on 1973 trade statistics show that total United States dutiable imports from designated beneficiaries of its scheme amounted to $9,173 million and that $4,980 million, or 54 per cent of these imports would have been covered by the scheme had it been in force in that year. However, because of the competitive need criteria, only $2,222 million would have been eligible for preferential treatment.

[75] Section IX, paragraph 2(*b*)(ii) of the agreed conclusions adopted by the Special Committee on Preferences (see foot-note 72 above).

[76] General Assembly resolution 3362 (S-VII) of 16 September 1975, section I, para. 8.

industrialization and economic development problems of the developing countries will not be resolved during the next decade and that the developing countries will continue to require special treatment and economic assistance from the developed countries in trade and financial and other economic areas, including the GSP. The GSP should thus become a more durable feature of economic co-operation between developed and developing countries.

H. Preferential arrangements of the socialist countries of Eastern Europe

101. In accordance with their joint declaration made at the second part of the fourth session of the Special Committee on preferences[77] and with resolutions 15 (II) and 53 (III) of the United Nations Conference on Trade and Development, the socialist countries of Eastern Europe grant, in the context of the GSP, tariff preferences and/or other economic and foreign trade measures which, as a rule, are of a preferential nature and are designed to expand imports from developing countries. Consequently, the improvements of the various elements of the GSP suggested above relate also to the schemes and other measures of the socialist countries concerned. Those socialist countries of Eastern Europe which apply preferential measures other than in the field of tariffs should adapt these measures to the growing trade, payments and financial needs of developing countries. In this connexion, it is important that developing countries are informed in greater detail of the scope and nature of these preferential measures, if they are to take maximum advantage of them.

I. Utilization of the generalized system of preferences

102. The extent to which trade opportunities provided by tariff preferences will be utilized depends also on the measures taken by developing countries to this end. The developing countries should in particular take appropriate policy measures in the areas of production and trade. They should also keep their producers and exporters fully informed of the trade opportunities under the GSP. Moreover, they should continue to develop close administrative co-operation with the authorities of preference-giving countries responsible for administering the schemes.

103. Dissemination of information on the GSP among developing countries should be continued and intensified, in particular for the least developed among them, in order to ensure that they derive maximum benefits from the system.[78]

[77] *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6A* (TD/B/329/Rev.1), part two, para. 192.

[78] For a report by the UNCTAD secretariat on training and advisory services on the generalized system of preferences, see document TD/B/C.5/40.

J. Protection of preferential margins

104. Tariff liberalization by the preference-giving countries on an MFN basis or on a preferential basis among themselves is bound to reduce or eliminate the preferential margins under the GSP. The extent of such erosion depends on the number of products covered by the GSP which are affected by such liberalization and on the depth of the resulting tariff cuts. Since the tariff reductions are envisaged on both industrial and agricultural products in the current multilateral trade negotiations, the GSP margins run the risk of being eroded across the board or of being even totally eliminated, especially where the rates are greater than zero.

105. While the general trade benefits to be derived from the tariff reductions resulting from the multilateral trade negotiations must be recognized, it would be obviously in the interest of the developing countries concerned if the GSP margins could be fully preserved on all products of export interest to them or at least if these margins could be maintained as high as possible, i.e. only the smallest possible MFN tariff reductions should apply to products of export interest to them. MFN tariff reductions would not affect the trade advantages of the developing countries under the GSP in the case of products which are exclusively produced by them, such as tropical products in their primary form. It should be noted, however, that the interest of the developing countries in safeguarding at the trade negotiations the GSP margins is largely determined by considerations regarding the certainty, stability and duration of the system.

K. Enlargement of the generalized system of preferences

106. Elimination of tariffs under the GSP is an important measure for ensuring better access to markets of developed countries for products of the developing countries. However, tariffs are not the only obstacle to such trade. There are numerous non-tariff measures which often constitute insurmountable barriers to exports of the developing countries, such as quantitative import restrictions. It would be desirable to liberalize on an MFN or preferential basis, either within the context of the GSP or outside it, these non-tariff barriers, if the tariff preferences are to produce the desired trade effects.

107. Lack of financial means, of the necessary institutional framework and of experience in trade promotion makes it extremely difficult for a large number of developing countries to take advantage of the GSP. Technical and financial assistance for trade promotion should therefore complement preferential tariff and non-tariff liberalization.

108. The GSP, which at present covers mainly industrial products, affords potential rather than actual trade opportunities to developing countries lacking an industrial base, above all so far as the least developed countries are concerned, as well as many others. The position of these countries is not likely to improve in the near future unless they are given effective financial and techical assistance for their industrialization.

109. Economic development co-operation between

developed and developing countries can be effective only if extended to all areas of economic activity directly related to trade, rather than limited to improvement of access to the markets of developed countries. It should, therefore, in addition to trade promotion, also encompass financial and technical assistance for the industrialization of the developing countries. The Lomé Convention, the economic co-operation agreement recently concluded between EEC and 46 ACP countries was the first multilateral agreement of its kind to provide, in an integrated way and on a preferential and non-reciprocal basis, trade advantages, financial and technical assistance for the stabilization of export earnings, and promotion of the trade and industrialization of these countries. Aware of these advantages, certain developing countries have requested that the benefits of the Lomé Convention should be extended to all developing countries. While EEC might be reluctant to engage in such an effort alone, it is not beyond the realm of possibility for all developed countries together to extend such broad and comprehensive measures of economic co-operation to all developing countries. In this connexion, however, it should be noted that the developing countries which, as a result of the GSP, are sharing the special tariff advantages they already enjoy in the markets of some developed countries, expect to obtain new export opportunities in other developed country markets which would at least compensate them.

ANNEXES

ANNEX I

List of the schemes of generalized preferences in force

Country	*UNCTAD document giving details of scheme*	*Date of implementation*
Australia	TD/B/480 and Amend.1-7	January 1974 [a]
Austria	TD/B/373/Add.3 and Corr.1 TD/B/373/Add.3/Amend.1 and 2, Amend.3 and Corr.1, and Amend.4 and Corr.1	April 1972
Bulgaria	TD/B/378/Add.1	April 1972
Canada	TD/B/373/Add.4 TD/B/373/Add.4/Annex I (Vol. I, II and III) TD/B/373/Add.4/Annex I (Vol. I)/Amend.1-5	July 1974
Czechoslovakia	TD/B/378/Add.2 TD/B/378/Add.2/Annex TD/B/378/Add.2/Annex II	January 1972
European Economic Community	TD/B/373/Add.1 TD/B/373/Add.1/Annex TD/B/373/Add.1/Annex II TD/B/373/Add.1/Annex III TD/B/396 (scheme for 1972) TD/B/444 and Add.1 (scheme for 1973) TD/B/481 (scheme for 1974) TD/B/538 and Add.1 (scheme for 1975) TD/B/592 and Amend.1 (scheme for 1976)	July 1971
Finland	TD/B/373/Add.2 (Finland) and Amend.1-6 TD/B/373/Add.2/Annex TD/B/373/Add.2/Annex II	January 1972
Hungary	TD/B/378/Add.3 and Amend. 1 TD/B/378/Add.3/Annex TD/B/378/Add.3/Annex II	January 1972
Japan	TD/B/373/Add.7 TD/B/373/Add.7/Annex and Amend.1 TD/B/373/Add.7/Annex II TD/B/373/Add.7/Annex III and Corr.1 and Amend.1 TD/B/373/Add.7/Annex IV TD/B/373/Add.7/Annex V TD/B/373/Add.7/Annex V/Rev.1 and Amend.1 TD/B/534 and Corr.1 TD/B/534/Amend.1	August 1971
New Zealand	TD/B/610 and Add.1 and Add.1/Corr.1 [b]	January 1972
Norway	TD/B/578 and Amend.1-3 [c]	October 1971
Sweden	TD/B/373/Add.2 (Sweden) TD/B/373/Add.2/Annex and Amend.1-4 TD/B/373/Add.2/Annex II TD/B/373/Add.2/Annex III	January 1972
Switzerland	TD/B/373/Add.9/Rev.1 and Amend.1 and 2 TD/B/373/Add.9/Annex	March 1972
United States of America	TD/B/373/Add.5 and Amend.1 and Corr.1, Amend.2, Amend.3 and Corr.1, Amend.4 TD/B/373/Add.5/Annex	January 1976
USSR	TD/B/378/Add.5	January 1965

[a] For an earlier scheme, of more limited coverage, see document TD/B/C.5/9 *, annex II.

[b] These documents supersede all previous documents concerning the scheme of New Zealand.

[c] These documents supersede all previous documents concerning the scheme of Norway.

ANNEX II

Beneficiaries of the schemes of generalized preferences

(Situation at 1 November 1975)

ABBREVIATIONS EMPLOYED

ACP: signifies an African, Caribbean or Pacific country signatory of the Lomé Convention.

CP: signifies a Commonwealth country which enjoys special preferences in both the United Kingdom and the Canadian markets, with the exception of Burma, which enjoys special preferences only in the Canadian market.

LDDC: signifies one of the 29 least developed among the developing countries.

MED: signifies a Mediterranean country which enjoys also special preferences or special tariff treatment under an association or other preferential agreement with EEC.

NOTE: *Bulgaria:* beneficiaries are not specified in the scheme. It has been stated, however, that Bulgaria "will accord preferential treatment to products originating in interested developing countries, irrespective of their economic and social system" (TD/B/378/Add.1, p. 2).

Beneficiary	*Preference-giving country*													
	Australia	*Austria*	*Canada*	*Czechoslovakia*	*EEC*	*Finland*	*Hungary*	*Japan*	*New Zealand*	*Norway*	*Sweden*	*Switzerland*	*United States of America*	*USSR*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*
I. *Members of the Group of 77*														
Afghanistan (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Algeria	×	×	×	×	×	×	×	×	×	×	×	×		×
Argentina	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Bahamas (ACP) (CP)	×	×	×		×			×	×	×	×	×	×	
Bahrain	×	×	×	×	×	×		×	×	×	×	×	×	
Bangladesh (CP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Barbados (ACP) (LDDC) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	
Bhutan (LDDC)	×	×		×	×	×		×	×	×	×	×	×	
Bolivia	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Botswana (ACP) (LDDC) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	
Brazil	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Burma (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Burundi (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Cambodia	×	×	×	×	×	×	×	×	×	×	×	×		
Cape Verde	×	×			×							×	×	
Central African Republic (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Chad (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Chile	×	×	×	×	×	×	×	×	×	×	×	×	×	
Colombia	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Congo (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Costa Rica	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Cuba	×	×	×	×	×	×	×	×	×	×	×	×		
Cyprus (CP) (MED)	×	×	×	×	×	×		×	×	×	×	×	×	×
Dahomey (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Democratic Yemen (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×		×
Dominican Republic	×	×	×	×	×	×	×	×	×	×	×	×	×	
Ecuador	×	×	×	×	×	×	×	×	×	×	×	×		×
Egypt (MED)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
El Salvador	×	×	×	×	×	×		×	×	×	×	×	×	×
Equatorial Guinea (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Ethiopia (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Fiji (ACP) (CP)	×	×	×	×	×	×		×	×	×	×	×	×	
Gabon (ACP)	×	×	×	×	×	×	×	×	×	×	×	×		

ANNEX II (*continued*)

Beneficiaries of the schemes of generalized preferences

(Situation at 1 November 1975)

Beneficiary	*Preference-giving country*													
	Australia	*Austria*	*Canada*	*Czechoslovakia*	*EEC*	*Finland*	*Hungary*	*Japan*	*New Zealand*	*Norway*	*Sweden*	*Switzerland*	*United States of America*	*USSR*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*
I. *Members of the Group of 77* (continued)														
Gambia (ACP) (CP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Ghana (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Grenada (ACP) (CP)	×	×	×					×					×	×
Guatemala	×	×	×	×	×	×	×	×	×	×	×	×	×	
Guinea (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Guinea-Bissau (ACP)	×	×			×	×						×	×	×
Guyana (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Haiti (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	
Honduras	×	×	×	×	×	×	×	×	×	×	×	×	×	
India (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Indonesia	×	×	×	×	×	×	×	×	×	×	×	×		×
Iran	×	×	×	×	×	×	×	×	×	×	×	×		×
Iraq	×	×	×	×	×	×	×	×	×	×	×	×		×
Ivory Coast (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Jamaica (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Jordan	×	×		×	×	×	×	×	×	×	×	×	×	×
Kenya (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Kuwait	×	×	×	×	×	×		×	×	×	×	×		×
Laos (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Lebanon (MED)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Lesotho (ACP) (LDDC)	×	×	×		×	×	×	×	×	×	×	×	×	
Liberia (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Libyan Arab Republic	×	×		×	×	×		×	×	×	×	×		×
Madagascar (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Malawi (ACP) (LDDC) (CP)	×	×	×		×	×	×	×	×	×	×	×	×	
Malaysia (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Maldives (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	
Mali (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Mauritania (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Mauritius (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Mexico	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Morocco (MED)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Mozambique	×	×			×							×	×	
Nepal (LDDC)	×	×		×	×	×	×	×	×	×	×	×	×	×
Nicaragua	×	×	×	×	×	×	×	×	×	×	×	×	×	
Niger (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	
Nigeria (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×		×
Oman	×	×		×	×	×				×		×	×	
Pakistan (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Panama	×	×	×	×	×	×		×	×	×	×	×	×	×
Papua New Guinea	×	×	×		×		×	×	×	×	×	×	×	×
Paraguay	×	×	×	×	×	×		×	×	×	×	×	×	
Peru	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Philippines	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Qatar	×	×	×	×	×	×		×	×	×	×	×		
Republic of Korea	×	×	×		×			×	×	×	×	× [a]	×	
Republic of South Viet-Nam	×	×	×		×			×	×	×	×	×		
Rwanda (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Sao Tome and Principe	×	×			×							×	×	
Saudi Arabia	×	×		×	×	×		×	×	×	×	×		×
Senegal (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Sierra Leone (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Singapore (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×

ANNEX II (*continued*)

Beneficiaries of the schemes of generalized preferences

(Situation at 1 November 1975)

Beneficiary	Preference-giving country													
	Australia	*Austria*	*Canada*	*Czechoslovakia*	*EEC*	*Finland*	*Hungary*	*Japan*	*New Zealand*	*Norway*	*Sweden*	*Switzerland*	*United States of America*	*USSR*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*
I. *Members of the Group of 77* (concluded)														
Somalia (ACP) (LDDC)	×	×		×	×	×	×	×	×	×	×	×	×	×
Sri Lanka (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Sudan (ACP) (LDDC)	×	×		×	×	×	×	×	×	×	×	×	×	×
Swaziland (ACP) (LDDC) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	
Syrian Arab Republic	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Thailand	×	×	×	×	×	×		×	×	×	×	×	×	×
Togo (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Trinidad and Tobago (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	
Tunisia (MED)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Uganda (ACP) (LDDC) (CP)	×	×	×	×	×	×	×	×	×	×	×	×		×
United Arab Emirates	×	×	×	×	×	×		×	×	×	×	×		×
Abu Dhabi	×				×						×	×		
Dubai	×				×						×	×		
Ras al Khaimah	×	×			×						×	×		
Fujairah	×				×						×	×		
Ajman	×				×						×	×		
Sharjah	×				×						×	×		
Umm Al Qaiwan	×				×						×	×		
United Republic of Cameroon (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
United Republic of Tanzania (ACP) (LDDC) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Upper Volta (ACP) (LDDC)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Uruguay	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Venezuela	×	×	×	×	×	×		×	×	×	×	×		×
Yemen (LDDC)	×	×		×	×	×	×	×	×	×	×	×	×	×
Yugoslavia	×	×	×	×	×	×		×	×	×	×	×	×	
Zaire (ACP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
Zambia (ACP) (CP)	×	×	×	×	×	×	×	×	×	×	×	×	×	×
II. *Other countries*														
Albania	×													
Bulgaria	×	×	×			×		×	×					
Democratic People's Republic of Korea	×					×					×			
Democratic Republic of Viet-Nam	×					×					×			
Greece (MED)	×	×	×					×	×			×		
Israel (MED)	×	×	×			×		×	×		×	×	×	
Malta (CP) (MED)	×	×	×	×				×	×		×	×	×	
Mongolia	×					×		×						
Muscat		×										×		
Nauru (CP)	×	×	×	×	×	×			×	×		×	×	
Portugal	×	×						×						
Romania	×	×	×		×	×		×	×				×	
Sikkim (LDDC)		×			×							×		
Spain (MED)		×						×	×			×		
Tonga (ACP) (CP)	×	×	×		×			×	×	×		×	×	
Turkey (MED)	×	×	×	×				×	×			×		
Western Samoa (ACP) (LDDC) (CP)	×	×	×	×	×	×		×	×	×	×	×	×	

ANNEX II (*continued*)

Beneficiaries of the schemes of generalized preferences

(Situation at 1 November 1975)

Beneficiary	Australia	Austria	Canada	Czechoslovakia	EEC	Finland	Hungary	Japan	New Zealand	Norway	Sweden	Switzerland	United States of America	USSR
	Preference-giving country													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
III. *Territories* (Classified according to the country of which the territory is a dependency, by which it is administered or which is responsible for its external relations)														
A. *EEC member States*														
1. *France and Netherlands*														
French Territory of the Afars and Issas	×	×	×	×	×				×	×	×	×	×	×
French Antarctic Territories:		×	×	×	×					×	×			
Adelie Land												×		
Crozet												×		
Kerguelen												×		
New Amsterdam												×		
Comoro Archipelago	×	×		×	×				×	×	×	×	×	
New Hebrides Condominium	×	×			×			×	×	×	×	×	×	
French Oceania (Polynesia):	×	×	×		×				×	×	×	×	×	
Alofi												×		
Clipperton												×		
Futuna	×	×			×				×		×	×	×	
Horn												×		
Loyauté												×		
Marotiri												×		
Marquesas												×		
New Caledonia	×	×	×		×				×	×	×	×	×	
Rapa												×		
Société (Tahiti)												×		
Tubai												×		
Tuamotu												×		
Uvéa												×		
Wallis	×	×			×				×		×	×	×	
St. Pierre and Miquelon	×	×	×		×				×	×	×	×		
Netherlands Antilles:	×	×	×		×			×	×	×	×	×	×	
Aruba												×		
Bonaire												×		
Curaçao												×		
Saba												×		
St. Eustache												×		
St. Martin												×		
Surinam	×	×	×		×			×	×	×	×	×	×	×
2. *United Kingdom*														
Belize	×	×	×		×			×	×		×	×	×	
Bermuda	×	×	×		×			×	×	×	×	×	×	
Brunei	×	×	×		×			×	×	×	×	×	×	
Cayman Islands	×	×	×		×			×	×	×	×	×	×	
Caicos Islands	×	×	×		×			×	×	×	×	×	×	
Christmas Island			×		×				×				×	
Gibraltar	×	×	×		×			×	×	×		×	×	
Hong Kong	×	× [b]	×		×			×	×		×	× [a]	×	×
West Indies												×		
Windward Islands:	×				×							×		
Dominica		×	×		×			×	×	×	×	×	×	
Grenadines												×		
St. Lucia		×	×		×			×	×	×	×	×	×	
St. Vincent		×	×		×			×	×	×	×	×	×	

ANNEX II (*continued*)

Beneficiaries of the schemes of generalized preferences

(Situation at 1 November 1975)

Beneficiary	*Australia*	*Austria*	*Canada*	*Czechoslovakia*	*EEC*	*Finland*	*Hungary*	*Japan*	*New Zealand*	*Norway*	*Sweden*	*Switzerland*	*United States of America*	*USSR*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*
III. *Territories* (continued)														
Leeward Islands:	×											×		
Anguilla		×	×		×			×	×	×	×	×	×	
Antigua		×	×		×			×	×	×	×	×	×	
Montserrat		×	×		×			×	×	×	×	×	×	
Nevis		×	×		×			×	×	×	×	×	×	
St. Kitts (St. Christopher)		×	×		×			×	×	×	×	×	×	
Virgin Islands	×	×	×		×			×	×	×	×	×	×	
New Hebrides Condominium	×	×			×			×	×	×	×	×	×	
British Oceania:					×							×		
Ducie												×		
Ellice (Lagoon)	×	×	×		×			×	×	×	×	×	×	
Fanning												×		
Gilbert	×	×	×		×			×	×	×	×	×	×	
Henderson												×		
Ocean												×		
Oeno												×		
Phoenix												×		
Canton and Enderbury					×							×		
Pitcairn	×	×	×		×				×	×	×	×	×	
Solomon	×	×	×		×			×	×	×	×	×	×	
Santa Cruz												×		
Washington												×		
British Territories in the Indian Ocean and the South Atlantic:	×	×	×		×				×	×	×	×	×	
Amirantes					×							×		
Chagos Archipelago					×							×		
Desroches					×							×		
Ascension			×		×							×		
Diego Alvarez (Gough)					×							×		
Falkland Islands (Malvinas) and dependencies	×	×	×		×			×	×	×	×	× [c]	×	
St. Helena	×	×	×		×			×	×	×	×	×	×	
Seychelles	×	×	×		×			×	×	×	×	×	×	
Tristan da Cunha			×		×							×		
Turks Islands	×	×	×		×			×	×	×	×	×	×	
B. *Australia*														
Australian Antarctic Territories					×									
Cocos (Keeling) Islands			×		×							×	×	
Corn and Swan Islands					×							×		
Heard and McDonald Islands					×								×	
New Guinea		×	×		×			×	×	×	×	× [d]	×	
New Ireland												×		
Norfolk Island			×									×	×	
C. *New Zealand*														
Overseas territories of New Zealand		×			×							×		
Cook	×	×	×		×			×		×	×	×	×	
Niue	×	×			×			×		×	×	×	×	
Ross Dependencies														
Tokelau (Union)	×	×			×			×		×	×	×	×	
D. *Portugal*														
Macao		×			×							×	×	

ANNEX II (*concluded*)

Beneficiaries of the schemes of generalized preferences

(Situation at 1 November 1975)

Beneficiary	*Australia*	*Austria*	*Canada*	*Czechoslovakia*	*EEC*	*Finland*	*Hungary*	*Japan*	*New Zealand*	*Norway*	*Sweden*	*Switzerland*	*United States of America*	*USSR*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*	*(13)*	*(14)*	*(15)*
III. *Territories* (concluded)														
Timor		×			×							×	×	
West Africa:												×		
Angola	×	×			×							×	×	
Cabinda		×			×							×		
E. *Spain*														
Spanish North Africa			×											
Territories in Africa (Sahara)	×	×			×								×	×
Ceuta		×			×							×		
Ifni		×										×		
Melilla		×										×		
Sahara (Rio de Oro, Sekia el Hamra and others)		×							×			×		
F. *United States of America*														
Territories and dependencies in Oceania:		×			×					×	×	×		
Baker												×		
Carolines					× [e]					×		×		
Guam	×	×	×		×					×	×	×		
Howland												×		
Jarvis												×		
Johnston	×	×			×					×	×	×		
Manua												×		
Marianas					× [e]					×		×		
Marshalls					× [e]					×		×		
Midways	×	×			×					×	×	×		
Palau												×		
Rose												×		
Samoa	×	×	×		×					×	×	×		
Sand	×	×			×					×	×	×		
Sporades of Central Polynesia												×		
Swain's Island		×			×					×	×	×		
Tutuila												×		
Wake	×	×												
Trust territory of the Pacific Islands	×	×			× [f]						×		×	
Virgin Islands	×	×	×											
G. *Other*														
Kuria-Muria Islands												×		
Dependencies of Mauritius	×													

[a] Preferential treatment does not apply to goods falling within BTN chapters 50-64.

[b] Preferential treatment is not applied to imports originating in Hong Kong of goods falling within CCCN chapters 60-62 and 64.

[c] Falklands (Malvinas) only.

[d] Eastern part, including Papua and the Entrecasteaux and Louisiade Archipelago; Admiralty Islands; Bougainville, New Britain.

[e] Under the EEC scheme the Trust Territory of the Pacific Islands covers specifically the Carolines, Marianas and Marshall Islands.

Document TD/B/C.5/38*

SCHEME OF GENERALIZED PREFERENCES OF THE UNITED STATES OF AMERICA

Study by the UNCTAD secretariat

[*Original: English*]
[*6 November 1975*]

CONTENTS

* Text revised in June/July 1977, incorporating information up to December 1976 and including elements contained in document TD/B/C.5/47.

SUMMARY AND CONCLUSIONS

1. On 1 January 1976 the United States scheme of generalized preferences was implemented as provided for in the Trade Act of 1974[1] and subsequent Executive Orders 11888 of 24 November 1975, 11906 of 25 February 1976 and 11934 of 30 August 1976. The Act authorizes the President to grant preferential duty-free tariff treatment to the exports of beneficiary developing countries in order to provide "fair and reasonable access" to such products in the United States market. In granting such treatment the President must consider the effect on furthering economic development in those countries, the extent to which other developed countries are undertaking a comparable effort, and the expected impact on United States producers.

A. Beneficiaries

2. The Act itself does not identify the countries whose exports will enjoy preferential tariff treatment; instead, it establishes a set of criteria to guide the President in designating such countries. Executive Order 11888 designated 98 countries and 40 territories as beneficiaries of the scheme (see annex I) in accordance with such criteria. In addition, the list of beneficiaries may be changed from time to time, depending upon circumstances. Thus, the beneficiary status of a particular country may subsequently be suspended or a country not on the list may be accorded beneficiary status. The criteria for designation are applied in the light of judgement on the economic behaviour of developing countries relative to United States national economic and political interests.

3. These criteria are, in general, negative in that they incorporate conditions under which a developing country cannot be designed as a beneficiary. A developing country cannot be so designated:

(1) If it is a "Communist" country, unless (A) its exports to the United States receive MFN treatment, (B) it is a contracting party to GATT and a member of IMF, and (C) it is not "dominated or controlled by international communism";

(2) If it is a member of OPEC or a party to any similar arrangement the effect of which is to withhold vital commodities from world trade or to raise the prices of such commodities to an unreasonable level;

(3) If it grants reverse preferences which have a significant adverse effect on United States commerce;

(4) If it has nationalized, expropriated, or otherwise seized control of property owned by United States citizens, corporations, partnerships or associations without prompt, adequate and effective compensation;

(5) If it does not take adequate steps to co-operate with the United States to prevent unlawful traffic in narcotic drugs, and

(6) If it fails to act in good faith in recognizing as binding or in enforcing arbitral awards in favour of United States citizens, corporations, partnerships or associations;

[1] 93rd Congress, 2nd session, public law 93-618.

(7) If such country aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism.

The Act recognizes that special circumstances may warrant the waiving of a particular criterion with regard to a particular developing country. Thus, criteria (4), (5) and (6) may be waived by the President if he determines that such action would be in the national economic interest of the United States.

4. The criteria have resulted in a number of developing countries being excluded from the list of those which the President has designated as beneficiary developing countries:

(*a*) Countries which have been designated as "Communist", including Cuba, Democratic Kampuchea, Mongolia, the Democratic People's Republic of Korea, and Viet Nam;

(*b*) The countries members of OPEC: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela;

(*c*) Countries which grant reverse preferences that are likely to have a significant adverse effect on United States commerce: Greece and Spain;

(*d*) Countries which have nationalized or expropriated, without compensation, property owned by United States citizens: Democratic Yemen and Uganda.

5. In this connexion it should be recalled that the GSP is designed to assist developing countries in achieving their objectives of economic development and growth, and the use of the GSP for other purposes appears to be incompatible with the basic principles of non-reciprocity and non-discrimination. In addition, the United States has not accorded beneficiary status to some countries which are members of the Group of 77.

B. Product coverage

6. The Act does not specify the products to be covered by the scheme; instead, it contains a list of products with respect to which preferences cannot be granted. On 24 March 1975 the President published a list of articles to be considered for designation as eligible for preferences. This list contains, with some exceptions, all products in CCCN chapters 25-99 which are dutiable and which are not explicitly excluded by law from the scheme, as well as selected agricultural and fisheries articles in CCCN chapters 1-24. The dutiable products in CCCN chapters 25-99 which are excluded are:

(*a*) Textile and apparel articles which are subject to textile agreements;

(*b*) Watches;

(*c*) Import-sensitive electronic articles;

(*d*) Import-sensitive steel articles;

(*e*) Certain footwear articles;

(*f*) Import-sensitive semi-manufactured and manufactured glass products;

(*g*) Any other articles which the President determines to be import-sensitive in the context of the GSP; and

(*h*) Any article which is subject to import-relief, escape clause, or national security action.

The President determined that 361 TSUS items in categories (*c*), (*f*) and (*g*) above, as well as some agricultural goods, should be designated as import-sensitive. They consist primarily of industrial articles such as radio and television equipment; mahogany; leather products; precious stones; toys; plastic or rubber wearing apparel and bicycle tyres, and certain agricultural goods such as beef; vegetable, melon and coconut meat products. Deletion of all these articles left 2724 TSUS items as eligible for duty-free treatment under the United States scheme; but five more articles were deleted in Executive Order 11906 of 25 February 1976.

7. The Act also contains provisions for changing the product coverage either for all beneficiaries or for individual beneficiaries. Such changes may be favourable or detrimental to the trade interests of developing countries. Products which are not precluded by law from preferential treatment may be added as a result of Presidential initiative or requests by interested parties. Similarly, products may be deleted from the list. In addition, there are two cases in which an article must be deleted: if it becomes subject to a national security action, or if it becomes subject to import-relief action.

C. Safeguard measures

8. The Act makes no specific mention of safeguard action applicable to preferential trade. There are, however, implicit and explicit provisions to safeguard domestic producers. First, the President has the option to provide for domestic producer or worker interests by deleting any article with respect to any beneficiary. In general, he must do so whenever a new national security action is taken or whenever either of the two competitive need criteria (see para. 9 below) become operative. Secondly, the President must delete from the list of eligible articles any product subject to import-relief action, such as an increased tariff or a quantitative restriction imposed on United States imports on a most-favoured-nation basis.[2] This automatic tie between import-relief action and product deletion, without taking into account the source of imports causing injury, introduces an element of uncertainty into the scheme.

D. Competitive need criteria

9. The Act contains competitive need criteria which provide for the withdrawal of preferential treatment for a particular article from a single beneficiary when United States imports in a calendar year of such article from such beneficiary exceed either an absolute dollar limit[3] or 50 per cent of total United States imports of the article. Once either of these limits is exceeded, the beneficiary ceases to

[2] Products which become subject to orderly marketing agreements, voluntary export restraints, anti-dumping actions, etc., need not be removed from the list of eligible articles.

[3] Initially, the limit was $25 million, but it is to increase each year in proportion to the previous year's growth in the United States gross national product.

enjoy preferential treatment for the article,[4] though not for other eligible articles, and other beneficiaries continue to enjoy preferences on the article in question.

E. Rules of origin

10. The rules of origin, established to ensure that only products originating in a beneficiary country receive preferential treatment differ somewhat from those contained in the initial (revised) United States offer.[5] In the offer, origin was determined on the basis of a simple value-added criterion: for a product to qualify for preferential treatment the value of all imported materials and components had not to exceed 50 per cent of the United States appraised value of the product. Under the Trade Act of 1974, however, originating products are defined in terms of direct processing costs: a product enjoys preferential treatment if the sum of (*a*) locally produced materials and components and (*b*) direct domestic costs of processing is not less than 35 per cent of the United States appraised value of that product.[6]

11. The significance of defining origin in terms of direct processing costs is that:

(*a*) It is possible that even a wholly produced article will not meet the 35 per cent processing requirement, on account of a large share of indirect costs, and

(*b*) The scope for using imported materials and components is substantially reduced, since indirect domestic value-added is not counted towards the 35 per cent requirement of direct domestic costs of processing.

12. The second new feature relates to cumulative origin. The Act authorizes the President to recognize all beneficiaries belonging to a customs union or free-trade area association as a single beneficiary. Thus, materials and components produced in one beneficiary member and used by another will be considered as originating in the latter exporting country. However, in such cases the 35 per cent requirement is increased to 50 per cent. A further disadvantage of cumulative treatment is that the competitive need criteria also apply to the association as a group. Thus, if United States imports from all beneficiary members of an association exceed an absolute dollar limit or 50 per cent of its total imports of the product, preferential treatment for the product will be terminated for all members of the association.

13. These origin criteria appear to have three major shortcomings. First, there is the possibility that wholly produced articles might not qualify for preferential treatment. Second, a requirement based on direct processing costs rather than value added would appear to be unduly restrictive. Finally, the joint application of the competitive need criteria on preferential imports under the cumulative origin provision is so restrictive that no association of beneficiary countries is likely to seek cumulative treatment.

F. Trade implications

14. This study analyses the trade implications of the United States scheme of generalized preferences implented on 1 January 1976, and takes into account the subsequent modifications introduced on 29 February 1976 and 1 October 1976. On the basis of 1974 trade data, it was found that 34 per cent ($6.3 billion) of all dutiable imports from beneficiaries were covered by the scheme. The corresponding coverage amounts to 10 per cent ($252 million) for ACP countries and 56 per cent ($63 million) for the least developed countries. For members of the Group of 77 not designated as beneficiaries the coverage would have been 1 per cent ($98 million). For agricultural products (CCCN chapters 1-24) the coverage is 65 per cent ($2,532 million) of total dutiable agricultural imports from designated beneficiaries. This is mainly the result of the inclusion of sugar, which accounts for more than 80 per cent ($2,072 million) of the imports of all agricultural and fisheries products eligible for preferences.

15. The product coverage, however, is subject to serious qualification, as the competitive need criteria result in the exclusion of many products, in particular sugar, for many beneficiaries. The absolute dollar limitations in effect from 29 February 1976 affect 14 products and 20 beneficiaries, and as a result articles from affected beneficiaries, accounting for $2,222 million of 1975 imports otherwise eligible, have been denied preferential treatment. The 50 per cent limitation affects 240 products and a broad cross-section of beneficiaries, including a total of four products from two least developed countries. Imports in 1975 of these products from affected beneficiaries amounted to $383 million. If the United States scheme had been operating in 1974, the competitive need exclusions, based on 1973 imports, would have reduced the trade coverage of the scheme from $6,274 million to an effective figure of $3,327 million, or by 47 per cent. The beneficiaries which would have been most affected in absolute terms include the Philippines,[7] Mexico and Brazil, each of which would have lost preferences on over $400 million of their eligible exports to the United States in 1974. Effective coverage in the case of Chile, the Dominican Republic and Peru would have amounted only to 3 per cent, 9 per cent and 13 per cent, respectively, of total United States imports from these countries of products covered by the scheme.

16. The estimated effects of the scheme on the least developed countries are considered in the light of the scheme's proposed purpose (i.e., to provide more opportunities to the least developed countries). Three of these countries are excluded from the scheme by criteria laid

[4] There is a provision for restoring preferential treatment if the limits set by the criteria are no longer being exceeded. Also, the President can waive the competitive need criteria in the cases specified in section 504 (c) (i) of the Trade Act.

[5] TD/B/AC.5/34/Add.5/Rev.1 and Corr.1.

[6] The proportion is increased to 50 per cent for products receiving preferential treatment under the cumulative origin provision (see para. 12 below).

[7] The President is authorized to waive application of the competitive need criteria with respect to the Philippines, if it enters into a new trade agreement with the United States.

down in the Trade Act itself. The remaining beneficiaries received MFN duty-free treatment on over two-thirds of their exports to the United States in 1974. In terms of 1974 import values, only half of the products subject to MFN duties were covered by the scheme. If the current scheme had been operating in 1974, 20 per cent of covered imports from the least developed countries would have lost preferences because of competitive need exclusions which were intended to affect the more advanced developing countries.

17. To evaluate the effects of the United States scheme, estimates of preferential tariff margins and probable trade expansion have also been reviewed. The preferential tariff margin appears to be close to 10 per cent. The expansion of beneficiary exports to the United States as a result of the trade creation and diversion effects of preferences would be 26 per cent. Application of the competitive need criteria would reduce this increment by about 40 per cent, but there are, in addition to the immediate trade expansion effects, certain dynamic elements at work which should further increase the benefits of the scheme to the beneficiaries, such as incentives for new investment and a rationalization of world production in accordance with national factor endowments and international comparative advantage. However, the effectiveness of these incentives is likely to be seriously reduced not only by application of the competitive need criteria but also by other restrictions in the scheme. In particular, uncertainty regarding the rules of origin and the possible frequency of change in product coverage may discourage the expansion of preferential imports. Finally, it is noted that the failure of certain beneficiary governments to inform the United States of their proper authorities for certifying Form A may have denied preferential treatment to otherwise eligible exports.

18. This analysis suggests that a number of improvements could be made in the United States scheme to enhance its benefits to developing countries. While discussion of specific changes is a matter for the Special Committee, the following considerations could be taken into account:

(*a*) The list of beneficiary countries could be expanded to include all developing countries.

(*b*) Designating all dutiable products as eligible for preferences would triple the value of imports covered by the scheme.

(*c*) Elimination of the competitive need criteria would double the value of imports actually eligible for preferential treatment.

(*d*) If it is not possible to eliminate the competitive need criteria, they could perhaps be revised in order to bring greater advantage to beneficiaries. For example, the 50 per cent criterion applies to a largely different group of imports each year and denies preferential treatment to some products whose import values are trivial. An absolute dollar floor could be fixed, below which the 50 per cent criterion would not apply. Announcements of exclusions based on the competitive need criteria should be made far enough in advance to enable exporters and importers to negotiate sales contracts with more certainty of preferential treatment.

(*e*) If the semi-annual reviews of the scheme were aimed exclusively at the extension of product coverage, the uncertainty surrounding these reviews would be eliminated. In time, reduction of uncertainty would greatly strengthen the incentive for investment and expansion of production in product groups covered by the scheme.

(*f*) Another very important area for improvement in the United States scheme is the rules of origin. A mere harmonization of these rules with those of the other preference-giving countries which base their rules on the value-added criterion, and simpler direct shipment requirements would significantly simplify and liberalize rules under the United States scheme.

(*g*) Finally, the extent to which the trade advantages under the scheme will be utilized depends on the measures which the developing countries take in the field of production and trade promotion. It is important to this end that the competent authorities in those countries keep the business community fully informed of the details of the scheme and in particular of origin requirements. The beneficiaries which have not as yet notified the name of the body empowered to certify the origin should promptly do so, even if they currently do not export to the United States products eligible for preferential treatment.

INTRODUCTION

19. In a report to the sixth session of the Special Committee on Preferences,[8] the UNCTAD secretariat analysed the United States scheme of generalized preferences as proposed in the Trade Reform Act of 1973. On 3 January 1975, the President of the United States signed into law the Trade Act of 1974,[9] Title V of which constitutes the legal basis of the United States scheme of tariff preferences in favour of the developing countries. The United States Administration implemented the scheme on 1 January 1976 and the final legal provisions of the scheme differ from preliminary versions in a number of important ways. There is now sufficient information available for the purpose of this study, which is to describe the precise features of the scheme, as implemented, and to evaluate its trade implications.

20. One of the purposes of the Trade Act of 1974 is "to provide fair and reasonable access to products of less developed countries in the United States market".[10] In

[8] Document TD/B/C.5/20. *

[9] See foot-note 1 above. The Trade Act of 1974 (generally referred to hereafter as "the Act" was amended by section 1327 of the Tax Reform Act of 1976 (Public Law 94-455, 4 October 1976). Relevant provisions of the Act are reprinted in TD/B/373/Add.5 and Amend.4.

[10] Section 2 (6) of the Act.

this connexion the Act authorizes the President to grant preferential duty-free tariff treatment to the exports of developing countries as a part of the United States participation in the common effort of developed countries to encourage the diversification and development of exports from developing countries. In granting such treatment the President must have due regard for:

(*a*) The effect such action will have on furthering the economic development of developing countries;

(*b*) The extent to which other major developed countries are undertaking a comparable effort to assist developing countries by granting generalized preferences with respect to imports of products of such countries; and

(*c*) The anticipated impact of such action on United States producers of like or directly competitive products.[11]

21. In addition, the Act contains special criteria which prevent the President from designating certain developing countries as beneficiaries.[12] The significance of these criteria is discussed in the following chapter.

[11] Section 501 of the Act.

[12] Section 502 (b) of the Act.

Chapter I

ESSENTIAL ELEMENTS OF THE SCHEME

A. Designation of beneficiaries

22. The Act does not identify the countries whose exports will enjoy preferential tariff treatment; instead, it establishes a set of criteria to guide the President in his designation of such countries. In the initial discussions in UNCTAD on the GSP the United States position had been that in general, preferences were to be granted to all developing countries.[13] One exception to this principle, which has been gradually relaxed but not eliminated, was to the effect that developing countries which grant reverse preferences to developed countries would be excluded from preferences. However, the criteria for designating beneficiaries which have been added since the United States initial (revised) offer are substantially more restrictive, with the result that several developing countries have not been designated as beneficiaries under the Act.

23. The Act also provides a time dimension to the designation of beneficiaries, making it possible for beneficiary status to be suspended or for a non-beneficiary country to gain such status. Thus the behaviour of a developing country over time is taken into consideration by the United States Government in deciding periodically whether it should continue to enjoy (or begin to enjoy) tariff preferences. It would thus seem that the intent is to elicit economic behaviour on the part of prospective beneficiaries which is consistent with United States national economic and political interests.

1. Presidential procedure for designating beneficiaries

24. The procedure for designating developing countries as beneficiaries under the United States scheme requires the President to notify the Congress (i.e., both the House of Representatives and the Senate) of his intention to designate one or more specific developing countries as beneficiaries, together with the considerations entering into such decision. He then issues an Executive Order for such designation. There is no limit to the number or the timing of such Presidential actions; he can, from time to time, designate additional countries. In this regard the President has wide discretionary latitude.

25. The general guidelines to be followed by the President in determining whether to designate any country as a beneficiary developing country are specified in the Act, which states that the President shall take into account:

(1) An expression by such country of its desire to be so designated;

(2) The level of economic development of such country, including its *per capita* gross national product, the living standards of its inhabitants, and any other economic factors which he deems appropriate;

(3) Whether or not the other major developed countries are extending generalized preferential tariff treatment to such country; and

(4) The extent to which such country has assured the United States it will provide equitable and reasonable access to the markets and basic commodity resources of such country.[14]

26. In addition, there is a set of explicit criteria which the President must apply. These criteria are, in general, of a negative character in that they contain a list of conditions under which a developing country cannot be designated as a beneficiary. Thus, a country may not be designated a beneficiary

(1) If such country is a Communist country, unless (A) the products of such country receive nondiscriminatory treatment, (B) such country is a contracting party to the General Agreement on Tariffs and Trade and a member of the International Monetary Fund, and (C) such country is not dominated or controlled by international communism;

(2) If such country is a member of the Organization of Petroleum Exporting Countries, or a party to any other arrangement of foreign countries, and such country participates in any action pursuant to such arrangement the effect of which is to withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level and to cause serious disruption of the world economy;

. . .

[13] Submission of the United States at the fourth session of the Special Committee on Preferences (TD/B/AC.5/24/Add.5).

[14] Section 502 (c) of the Act.

(3) If such country affords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce,

...

(4) If such country

(A) has nationalized, expropriated, or otherwise seized ownership or control of property owned by a United States citizen or by a corporation, partnership, or association which is 50 per cent or more beneficially owned by United States citizens,

...

(5) If such country does not take adequate steps to cooperate with the United States to prevent narcotic drugs ... from entering the United States unlawfully; and

(6) If such country fails to act in good faith in recognizing as binding or in enforcing arbitral awards in favor of United States citizens or a corporation, partnership, or association ...[15]

27. However, the Act also recognizes that special circumstances may occur such that the waiving of a particular criterion in regard to a particular developing country (to permit such country to be designated as a beneficiary developing country) may be in the national economic interest of the United States. This waiver clause provides that criteria (4)-(6) listed above "shall not prevent the designation of any country as a beneficiary developing country ... if the President determines that such designation will be in the national economic interest of the United States. ..."

28. In the discussion which follows, attention is given first to the mandatory criteria ((1)-(3)), and then to those ((4)-(6)) where the President has some discretion in their application and can exercise a waiver if he determines that such action would be in the national economic interest.

(a) *Mandatory criteria*

29. The first criterion refers to "Communist" countries, which are *a priori* excluded from preferences unless they satisfy all three conditions ((A) (B) and (C)) set out in paragraph 26 (1) above. Apart from those socialist countries of Eastern Europe mentioned in Section 502 (b) of the Act, the United States has regarded the following countries, among others, as "Communist" countries: Albania, Bulgaria, China, Cuba the Democratic Republic of Viet-Nam,[16] the Democratic People's Republic of Korea and Mongolia.[17] Cuba is a contracting party to GATT. Romania, originally included in the list, is a contracting party to GATT and a member of IMF; it received MFN status with effect from 3 August 1975 and has been granted beneficiary status. The other countries mentioned above are neither contracting parties to GATT nor members of IMF.

30. The second criterion which prevents beneficiary designation concerns countries which are members of OPEC or parties to similar arrangements.[18] This criterion is the single most important one, which initially had the effect of excluding from the scheme Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, the Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.[19]

31. There is, however, one exception to this criterion, in that the President may grant beneficiary status to a country for as long as both the United States and such country are parties to a bilateral or multilateral trade agreement assuring the United States "fair and equitable access at reasonable prices to supplies of articles of commerce important to the economic requirements of the United States ...".[20]

32. OPEC is not, however, the only grouping affected by this criterion, which applies to any arrangement the effect of which is to withhold supplies of commodity

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[15] Section 502 (b) of the Act. The following countries are specifically designated in this section as ineligible for preferences: Australia, Austria, Canada, Czechoslovakia, European Economic Community member States, Finland, German Democratic Republic, Hungary, Iceland, Japan, Monaco, New Zealand, Norway, Poland, Republic of South Africa, Sweden, Switzerland, and the Union of Soviet Socialist Republics.

[16] Viet Nam, formerly the Socialist Republic of Viet-Nam (the successor State to the former Democratic Republic of Viet Nam and the former Republic of South Viet-Nam), is a member of the IMF.

[17] See United States International Trade Commission, *Tariff Schedules of the United States, Annotated (1975)*, TC Publication 706 (U.S. Government Printing Office, Washington, 1975), p. 4.

[18] Indications of the intent of this criterion can be obtained from a statement by the United States delegation to the OAS:

"Apart from the apparent exclusion of OPEC members, we have perceived a widespread apprehension that the cartel provision of the Trade Act may be applied to Latin American countries which are members of or are contemplating membership in other producer organizations. The legislative history of the Trade Act makes it clear that this provision applies only to countries which participate in actions involving vital materials which cause serious disruption of the world economy. We do not consider this provision to be an impediment to legitimate economic action by raw material producing countries.

"I should caution delegates here, however, that a determination that an action by a producer association is not disruptive of the world economy and does not therefore require a withdrawal of GSP beneficiary status should not be interpreted as a United States endorsement of such an action. We reserve the right to:

press our legitimate concerns through normal diplomatic channels;

defend ourselves against such egregious actions as politically motivated embargoes; and

argue for and seek co-operative negotiated, bilateral or multilateral solutions to mutual problems, as opposed to unilateral measures." (OAS document of 11 March 1975 OEA/Ser.H/X.24-CIES/3062), pp. 4-5).

[19] In this regard, Congress considered a proposed revision to the Act—the so-called Green amendment—which would grant the President authority to waive this criterion if he determined that such action would be in the national economic interest of the United States, *except* that he may not designate as a beneficiary any developing country which has participated, or is participating, in any action the effect of which is to withhold supplies of any vital commodity resource from international trade. The adoption of this amendment would have permitted the President to waive the OPEC-cartel criterion for Ecuador, Gabon, Indonesia, Iran, Nigeria and Venezuela. (See paras. 38-40 below for a discussion of the waiver procedures.) In its testimony before Congress favouring the Green amendment, the Administration pointed out that:

"The adverse effect of automatic denial of GSP on our relations with the OPEC countries is in many cases wholly out of proportion to any advantage we might gain from excluding them. Tariff preferences are not appropriate policy instruments to influence the actions of petroleum exporters because of the negligible trade losses which result from the denial of preferences. On the other hand, denial of GSP can have an unfortunate effect on the atmosphere for constructive negotiations with these countries ..." (94th Congress, 1st session, H.R. 5897.)

[20] Section 502 (e) of the Act.

resources vital to the world economy or to raise prices of such commodities to an "unreasonable" level. Whereas no other developing country has so far been excluded on account of participation in an arrangement falling under the second criterion, certain arrangements which might come within the scope of the Act have been under scrutiny by the United States Administration, covering bauxite, copper and iron ore.

33. The third criterion concerns the long-standing issue of reverse preferences. According to the Act, the President may not designate as a beneficiary any country which "affords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce, unless the President has received assurances satisfactory to him that such preferential treatment will be eliminated before January 1, 1976, or that action will be taken before January 1, 1976, to assure that there will be no such significant adverse effect, ...".[21]

34. The United States has consistently opposed reverse preferences throughout the negotiations on the GSP, constantly reiterating that developing countries granting such preferences would be excluded from enjoying United States preferences at the outset. In the United States initial (revised) submission to UNCTAD, developing countries either receiving or granting special trade preferences were to be excluded from United States preferential treatment under the GSP. Gradually the United States position became more flexible. In the scheme as originally proposed in the Trade Reform Act of 1973 (trade Bill),[22] a developing country granting reverse preferences was not eligible for United States preferences unless it provided satisfactory assurances that the reverse preferences would be eliminated before 1 January 1976.

35. The wording adopted in the Trade Act of 1974 has further liberalized this requirement. A developing country is eligible for preferences under one of two conditions: either reverse preferences must be eliminated before 1 January 1976, or action must be taken before that date giving assurance that no significant adverse effect on United States commerce will result from such reverse preferences. The determination of a "significant adverse effect" is based on (*a*) an examination of products of export interest to the United States affected by reverse preferences; (*b*) the volume of trade so affected, and (*c*) the margin of tariff preferences on products in which the United States has an export interest. Since most developing countries concerned are by and large not major markets for United States exports, this rewording of the legislation is likely to reduce significantly the number of developing countries excluded from United States preferential tariff treatment on account of the reverse preferences criterion.

36. Under the Lomé Convention concluded on 28 February 1975 between EEC and the ACP (African, Caribbean and Pacific) States the latter countries are not required to grant reverse preferences to EEC countries. On the assumption that the ACP countries would not be granting reverse preferences after 1 January 1976, the President included most of them in the preliminary list of beneficiaries under the United States scheme (see annex I below). However, a number of Mediterranean countries having at the time association agreements or preferential trade agreements with EEC (Cyprus, Egypt, Greece, Israel, Lebanon, Malta, Spain, Tunisia and Turkey), continued to grant reverse preferences to EEC. The United States Administration undertook to determine the effect on United States commerce of these preferences. It concluded that there was no adverse effect in the cases of Egypt, Lebanon and Malta. Tunisia was designated a beneficiary on the assumption that its reverse preferences would be eliminated by 1 January 1976. Thus, the reverse preference provision will continue to play a substantial role in the United States scheme.[23]

37. A fourth mandatory criterion was added to the Act by section 1327 of the Tax Reform Act of 4 October 1976.[24] It would have the effect of excluding a country from the list of beneficiaries "if such country aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism." No country has so far been denied beneficiary status on account of this new criterion.

(b) *Discretionary criteria*

38. Three of the criteria enumerated in paragraph 26 above—those relating to expropriation of United States property (criterion (4)), to illegal drug traffic (criterion (5)) and to arbitral awards (criterion (6))—are subject to waiver by the President if he determines that such designation would be in the national economic interest of the United States. If the President chooses to exercise this waiver he must report such determination to the Congress together with his reasons therefor. Thus, the Congress wishes to be apprised of all the considerations invoked by the President in making such a determination. It should also be noted that the waiver is on the grounds of "national economic interest" rather than the more general grounds of "national interest". Presumably, political or foreign policy interests are insufficient to justify a waiver.

39. This procedural distinction proved an important issue in the President's efforts to draw up the initial list of beneficiary developing countries. On 13 January 1975, the President, notifying the Congress of his intention to designate beneficiaries, issued a list containing some developing countries which he considered failed to satisfy one or more of the necessary criteria. The President attempted to exercise the national economic interest waiver for all countries to which it applied on the procedural ground that it would facilitate the efforts of the United States International Trade Commission to investigate the list of eligible products with respect to the likely impact of tariff preferences on the United States economy. In his waiver the President did not identify the countries to

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[21] Section 502 (b) (3) of the Act.

[22] Analysed in document TD/B/C.5/20.*

[23] It should be noted that under its Mediterranean policy the EEC concluded new agreements with Algeria, Morocco, Tunisia (Maghreb countries) and with Egypt, Jordan, Syria (Mashrek countries), which do not include reverse preferences.

[24] See foot-note 9 above.

which it applied, nor did he give the reasons for each country's inclusion in the beneficiary list on account of the national economic interest. Congress objected to the waiver, and on 24 March 1975 the President again conveyed his intent to designate a number of countries as beneficiary developing countries. The new list differed from the previous one in that it did not include any country allegedly in conflict with any of the criteria. Moreover, the national economic interest waiver was not exercised with respect to any country.

40. It is possible that the President will be reclutant to exercise this waiver in the future unless he can establish a defensible causal tie between the country concerned and the national economic interest of the United States. The normal latitude which the President takes in administering the law will probably be taken in his determination that a particular country does meet the criteria. Thus, he can report to the Congress his determination that a country meets the necessary criteria, together with his considerations, but he need not set out the facts on which the determination was based.

41. The first criterion subject to waiver involves those countries which have

> (A) ... nationalized, expropriated, or otherwise seized ownership or control of property owned by a United States citizen or by a corporation, partnership, or association which is 50 per cent or more beneficially owned by United States citizens,
>
> (B) ... taken steps to repudiate or nullify an existing contract or agreement ..., the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of property so owned, or
>
> (C) ... imposed or enforced taxes or other exactions, restrictive maintenance or operational conditions, or other measures ... the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of such property ....[25]

42. No such country shall benefit from tariff preferences unless the President determines, and promptly communicates such determination to the Congress, that:

(*a*) Prompt, adequate and effective compensation has been or is being made;

(*b*) Good faith negotiations to provide such compensation are in progress or other steps are being taken to discharge such an obligation; or

(*c*) The investment dispute has been submitted to arbitration under the provisions of the Convention on the settlement of investment disputes between States and nationals of other States[26] or in another forum mutually agreed upon.

43. So far the United States has investigated 21 different outstanding investment disputes concerning potential beneficiary developing countries; 19 of the countries involved have been designated by the President as beneficiary developing countries pursuant to executive order No. 11888 of 24 November 1975. This leaves the People's Democratic Republic of Yemen and Uganda as the only countries which failed to become beneficiaries of the scheme on 1 January 1976 as a result of this criterion, although some of the countries affected by the OPEC exclusion might have failed to satisfy this "nationalization" criterion also.

44. The second criterion subject to waiver is aimed at eliciting the co-operation of developing countries in the United States, fight to prevent narcotic drugs and other controlled substances from entering the country unlawfully. The drafting of the law leaves the President substantial leeway, since the potential beneficiary developing country is only required to "take adequate steps to co-operate with the United States ...".[27] No country has so far been denied beneficiary status by reason of this criterion.

45. The third and final criterion subject to waiver concerns arbitral awards arising out of investment disputes.[28] This criterion is obviously related to the criterion concerning the nationalization or expropriation of property owned by United States citizens, etc. No country has so far been denied beneficiary status on the grounds of this criterion.

2. List of beneficiary countries

46. On the basis of the above criteria the President issued Executive Order No. 11888 on 24 November 1975 designating 98 countries and 40 territories as beneficiary developing countries.[29] The complete list, as revised by the addition of Portugal and Tuvalu, the deletion of Laos and some changes in names, on 30 August 1976, is to be found in annex I below. Those developing countries which are members of the Group of 77 but not designated as beneficiaries under the United States scheme are listed in annex II below.

3. Modifications to the list of beneficiary countries

47. The Act makes only minor reference to the dynamic process through which the beneficiary list is subject to modification, but implicitly the President has substantial flexibility in this regard. The criteria and procedures he must follow in adding to the list are the same as those discussed above, except that the advice of the United States International Trade Commission concerning the impact of the country's preferential trade on the United States economy is not required.

48. The President is also empowered to terminate beneficiary designation by issuing an appropriate Executive Order, presumably if the country no longer meets the criteria for such designation, either because it no longer satisfies one or more of the criteria for beneficiary status or because the national economic interest waiver under which it is currently a beneficiary developing country is

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[25] Section 502 (b) (4) of the Act.

[26] For text, see United Nations, *Treaty Series*, vol. 575, p. 159.

[27] Section 502 (b) (5) of the Act.

[28] Section 502 (b) (6) of the Act.

[29] For the purpose of administering the United States generalized tariff preferences, the term "beneficiary developing country" means any foreign country, any overseas dependent territory or possession of a foreign country, or the Trust Territory of the Pacific Islands. The term "country" may also be applied to developing countries designated as beneficiaries which belong to a particular free trade area or customs union, which can be treated as a single country (sections 502 (a) (1) and (3) of the Act).

no longer valid. In those cases where the country no longer meets the criteria, and the national economic interest waiver does not apply or cannot be justified, the President must terminate beneficiary status under the United States scheme. But the President is also empowered to terminate beneficiary status for a particular developing country for any other reason he feels to be relevant.

49. The only limitation which is placed on the President's power is that requiring that notification of intention to terminate such designation must be given to the Congress and to the country concerned at least 60 days before the termination comes into force, accompanied by a statement of the considerations entering into the decision to terminate.[30] Subject to this prior notification, the country ceases to be a beneficiary under the United States scheme on the day the President issues the Executive order to that effect. To date, the power to modify the list of beneficiary countries has been exercised only once (see para. 46 above).

4. Concluding remarks

50. In its agreed conclusions the Special Committe on Preferences expressed unanimous support for a "mutually acceptable system of generalized, non-reciprocal, non-discriminatory preferences".[31] The preference-giving countries also agreed in general to grant beneficiary status on the basis of self-election.[32] However, the United States has consistently opposed the inclusion of certain developing countries which it considers "communist" countries or which grant reverse preferences with significant adverse effects on the United States commerce. In addition, the Act contains new criteria, such as those concerning OPEC-type arrangements and expropriation, which exclude a number of developing countries that are beneficiaries under other GSP schemes. In this regard, it should be recalled that the GSP is designed to assist developing countries in achieving the goals of economic development and growth, and the use of the GSP for other purposes appears to be incompatible with the basic principles of non-reciprocity and non-discrimination. These principles unanimously reiterated at the fourth session of the United Nations Conference on Trade and Development.[33]

B. Product coverage

51. The product coverage of the United States scheme has changed considerably from that proposed in the initial (revised) submission of the United States. That submission included almost all industrial products in CCCN chapters 25-99, except textiles, footwear and petroleum, and included, in addition, 329 TSUS items which can be classified in CCCN chapters 1-24. However, the Act specifically deleted certain products from the list of eligible articles, namely:

(*a*) Textile and apparel articles which are subject to textile agreements;

(*b*) Watches;

(*c*) Import-sensitive electronic articles;[34]

(*d*) Import-sensitive steel articles;

(*e*) Certain footwear articles;

(*f*) Import-sensitive semi-manufactured and manufactured glass products;[35]

(*g*) Any other articles which the President determines to be import-sensitive in the context of the GSP; and

(*h*) Any article which is subject to import-relief, escape-clause or national security action pursuant to section 203 of the Act or section 232 or 351 of the Trade Expansion Act of 1962.[36]

52. Furthermore, the Act established administrative procedures to be followed in designating the list of eligible articles. These procedures are similar to those applicable under normal United States law in matters concerning tariff negotiations. In accordance with these procedures, the President published and transmitted to the United States International Trade Commission a list of articles to be considered for eligibility under the scheme. The list was published in Executive Order No. 11844 and while it could naturally not include the products excluded by the Act it nevertheless included 101 more agricultural products in CCCN chapters 1-24 than the initial (revised) submission.

53. Also as provided for in the Act, the International Trade Commission held public hearings and conducted a series of investigations to determine, for each article under consideration, the probable economic effect of tariff preferences on domestic industries producing like or directly competitive articles, and on consumers, so as to assist the President in judging the likely impact on United States manufacturing, agriculture, mining, fishing, labour and consumers.

54. In furnishing its advice, the International Trade Commission is required by the Act to:

(*a*) Investigate competition between foreign industries producing the articles in question and domestic industries producing the like or directly competitive articles;

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30 Section 502 (a) (2) of the Act.

31 Section I.1 of the agreed conclusions, the text of which is reproduced as an annex to decision 75 (S-IV) of the Trade and Development Board (*Official Records of the Trade and Development Board, Fourth Special Session, Supplement No. 1* (TD/B/332).

32 Section IV. 1 of the agreed conclusions (*ibid.*)

33 Conference resolution 96(IV) states that "The generalized system of preferences has been instituted to help meet the development needs of the developing countries and should only be used as such and not as an instrument of political or economic coercion or of retaliation against developing countries, including those that have adopted or may adopt. singly or jointly, policies aimed at safeguarding their national resources." (Section I.A, paragraph (*d*).)

34 These articles have not yet been defined. Moreover, the Act provides no guidelinea, criteria, provisions or other guidance for defining such products.

35 *Idem.*

36 87th Congress, 2nd session, public law 87-794. It should be noted that many other products are subject to escape clause action, but come under the adjustment assistance provisions rather than tariff adjustment or quota. Only where a general MFN trade barrier is imposed pursuant to escape-clause action is the President required to delete a product from the list of eligible articles. No action has yet been finalized under the import-relief provision of section 203 of the Act for any item covered by the scheme.

(*b*) Analyse the impact of the preferential tariff on production, trade in and consumption of the article, as well as on employment, profit levels, use of productive facilities and other such economic factors the ITC feels relevant, including prices, wages, sales and inventories;

(*c*) Describe probable changes in domestic employment, profit levels and use of productive facilities; and

(*d*) Make special studies (including studies of real wages paid in foreign supplying countries), as warranted, of the probable impact on United States manufacturing, agriculture, mining, fishing, labour and consumers.

55. The President is also required to seek information and advice from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State and the Treasury, from the Special Representative for Trade Negotiations, from such other sources as he might deem appropriate, and from any interested person whose views could be provided to the President through an agency or by an inter-agency committee which would hold public hearings and provide him with a summary of those hearings. The Act provides, however, that the advice provided to the President by the International Trade Commission and other governmental bodies, and that resulting from the public hearings, is not binding; rather, he is required simply to take such advice into consideration when determining the final list of eligible articles.

56. After public hearings were held and advice was received from the International Trade Commission and other public agencies, the President issued Executive Order No. 11888 on 24 November 1975. This order identifies 3524 TSUS items as eligible for duty-free treatment under the United States scheme.[37] This list does not include 361 articles which were previously listed among those under consideration for preferential treatment in Executive Order No. 11844.

57. The Act provides for the periodic modification of the list of articles eligible for tariff preferences—either to expand or contract the list. While there are mandatory conditions under which certain products must be removed from the list of eligible articles, additions to the list are at the discretion and the initiative of the President.

1. Additions to the list of eligible articles

58. Barring amendments of the Act, there are three categories of products which could be added to the list of eligible articles: (*a*) articles for which import relief or national security action has been terminated and which are not deemed to be import-sensitive; (*b*) articles which are no longer import-sensitive because of (*a*) change in economic conditions; (*c*) agricultural products which have not been included in the list of eligible articles.

59. The procedures to be followed in expanding (or contracting) the list of eligible articles are similar to those used to determine the initial list. The President has established a series of committees which will review requests for additions to or deletions from the list of eligible articles on their own initiative or on the request of any interested party. The interested party is defined as a party having a significant economic interest in the subject matter of the request, such as a domestic producer of a like or competitive article, a commercial importer of an article which is eligible for preferential treatment or for which such eligibility is requested, or any other person representing a significant economic interest that would be materially affected by the action requested.

60. The request must contain a statement of the reasons and supporting information for the request, together with information relevant to the import sensitivity of the article in the context of the scheme. Whenever a request is received that conforms to regulations, it must be published in the Federal Register with an invitation to all interested parties to submit their views to the Trade Policy Staff Committee. Review of pending requests must be conducted at least once every six months. In conducting reviews the Trade Policy Staff Committee may hold public hearings or utilize the advice of the United States International Trade Commission whenever such hearings or advice are required by law or are deemed to be in the public interest. The Trade Policy Staff Committee reports the results of its review to the Deputy Special Representative for Trade Negotiations or to the Special Representative for Trade Negotiations, who may convene the appropriate committees with a view to the possible recommendation of action to the President. If, on the basis of such a review, the appropriate inter-agency committee considers that the article is or would be import-sensitive in the context of the scheme, then it must either not be recommended for designation as an eligible article under the scheme or be recommended for such designation with limits upon the duty-free treatment accorded under the scheme. Whenever there is to be no change in the status of an article with respect to the scheme, the parties submitting the request with respect to such article must be so notified and the statement of the decision published in the Federal Register. On the other hand, whenever a review results in a recommendation for a change, the President, upon receipt of such a recommendation, must then determine whether or not to add the product to the list of eligible articles. If the President decides in the affirmative, he simply includes the product in the scheme by issuing another executive order.[38]

2. Deletions from the list of eligible articles

61. There are three specific cases in which the President must remove products from the list of eligible articles: when an article is deemed import-sensitive; when an article becomes subject to a national security action;

[37] The complete list of items eligible for duty-free treatment under the United States scheme is reproduced in document TD/B/373/Add.5.

[38] By May 1976 the Trade Policy Staff Committee had announced in the Federal Register that it had received requests for the addition of nine products to the scheme. It also initiated consideration of 17 other items for inclusion in the scheme and scheduled hearings on all of these proposed additions for 1-7 June 1976. Subsequent to these hearings the President issued Executive Order 11934 of 31 August 1976 which added one item (tamarind fruit paste (TSUS 152-60)) to the scheme as of 1 October 1976. He also sent a list of 18 other articles to be considered for designation as eligible articles to the International Trade Commission which announced on 20 July 1976 that it would hold hearings beginning 3 August 1976.

and when an article becomes subject to import-relief action.

62. Designation of import sensitivity and subsequent deletion from the list of eligible articles follow the same procedure as that used to determine additions to the list. Reviews may commence on the initiative of the committees or any interested parties. Interested parties must provide information sufficient to show: (*a*) why the article(s) should be determined to be import-sensitive in the context of the scheme; (*b*) which beneficiary developing country's or countries' exports cause the article to be import-sensitive; and (*c*) whether the party has filed or is filing for other forms of relief under the Act or under another provision of law.

63. After the review process a recommendation to withdraw, suspend, or limit preferential treatment may be given to the President. If he agrees to the recommendation, he issues an implementing Executive Order.[39]

64. The national security action clause of section 232 of the Trade Expansion Act of 1962 instructs the President not "to decrease or eliminate the duty or other import restriction on any article if the President determines that such reduction or elimination would threaten to impair the national security". In this regard the President is required to give consideration to "domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilies of the human resources, products, raw materials, and other supplies and services essential to the national defense . . ." The clause goes on to state that "the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries . . ." At present, this national security clause is in force for 14 petroleum products.

65. No article will be eligible for generalized tariff preferences during any period in which it is subject to import relief action under section 203 of the Trade Act of 1974.[40] This limitation may be considered similar to the escape-clause provision in the schemes of other preference-giving countries and therefore is regarded here as a safeguard measure (see below, paras. 67-80).

C. Depth of tariff cut

66. The Act authorizes the President to provide preferential duty-free treatment for any eligible article from any beneficiary developing country. The President may also withdraw, suspend, or limit the application of such duty-free treatment except that no other rate of duty may be granted other than that (i.e. the MFN rate) which would apply in the absence of title V of the Act. Consequently, the preferential tariff margins in favour of the beneficiary developing countries corresponds to the MFN rate.

D. Safeguard measures and limitations on preferential imports

67. The Act makes no specific mention of a separate safeguard clause applicable to preferential trade. There are, however, implicit and explicit provisions to safeguard domestic producers. In the first place, the President is empowered to modify the list of eligible articles and the list of beneficiaries at his discretion. Thus, he has the option to provide for domestic producer or worker interests by deleting any article from preferential treatment. And, in general, he must so act to restrict the scheme whenever a national security action is taken or whenever the competitive need criteria become operative.

68. Secondly, the President must remove from the list of eligible articles any product subject to action proclaimed pursuant to the import-relief provisions of section 203 of the Act.

1. Import relief action

69. Section 203 provides for the prevention or remedying of serious injury or the threat thereof to domestic industry. In this regard the President may, *inter alia*,

(1) Proclaim an increase in, or imposition of, any duty on the article causing or threatening to cause serious injury to such industry;

(2) Proclaim a tariff-rate quota on such article;

(3) Proclaim a modification of, or imposition of, any quantitative restriction on the import into the United States of such article;

(4) Negotiate orderly marketing agreements with foreign countries limiting . . . the import into the United States of such articles . . .

Since this section of the Act requires that products must be removed from the list of eligible articles only when import relief action is proclaimed, deletion from the list must follow only the first three actions listed above. If import relief action is necessary and the President chooses only to negotiate an orderly marketing agreement, the article in question need not be withdrawn from preferential treatment. A similar interpretation applies to other specific measures directed against a particular country, such as anti-dumping action, countervailing duty actions and voluntary export restraints. Only when the import-relief measure is applied on an MFN basis is the article in question mandatorily excluded from preferences, in which case, all beneficiaries cease to enjoy prefer-

[39] The President has already taken such an action by issuing Executive Order No. 11906 of 25 February 1976 which deleted four alloy steels (TSUS 607.01-04) and face-finished plywood (TSUS 240.25). By May 1976 requests for the deletion of 66 other products had been received by the Trade Policy Staff Committee, which scheduled hearings on the requests for 1-7 June 1976. Subsequent to these hearings, the President approved the requests for removal of five items and issued Executive Order No. 11934 of 30 August 1976 which removed the items from eligibility as of 1 October 1976. The items and 1975 import values were TSUS 121.50, pig and hog leather ($2.3 million), TSUS 455.40 and 455.42, inedible gelatin ($735,000); TSUS 687.37, a new TSUS item covering TV picture tubes over 16 inches in size (negligible imports) and TSUS 745.63, price tag fasteners ($400,000). A request for removal of TSUS 791.75, leather wearing apparel, was referred to the United States International Trade Commission for study.

[40] No new escape-clause action under the Trade Expansion Act of 1962 is possible, as this clause has been superseded by the import relief measures under section 203 of the Trade Act of 1974.

ential treatment, irrespective of the origin of the imports which are the reason for the action.[41]

70. The administrative procedures for import relief action differ in a number of respects from those which applied to escape-clause action under the Trade Expansion Act of 1962.

71. First, a petition to the United States International Trade Commission for import-relief action must come from an entity (such as a trade association, firm, union, or groups of workers) which is representative of the industry concerned. Isolated import injury to a group of workers, a firm, or a community would qualify directly for adjustment assistance, the granting of which is unrelated to the exclusion of a product from preferences.

72. Secondly, the International Trade Commission must investigate whether the article in question "is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article".[42] The 1962 law required that imports should be the major factor and that the increased imports should be a result in major part of concessions granted under trade agreements. The new wording makes it possible for import-relief measures to be more readily applied.

73. Thirdly, in determining the impact on domestic industry, the Commission may consider only "that portion or sub-division of the producer which produces the like or directly competitive article"[43] and only that particular geographical area of the United States being affected by increased imports. The reference to geographical subdivisions of the United States, which was not contained in the previous law increases the likelihood that a petitioner can demonstrate that injury has been caused or is threatened in substantial part by an increase in imports.

74. As under the 1962 law, the International Trade Commission, after completing its investigation, reports its findings to the President together, when appropriate, with its recommendations concerning the particular import-relief measure necessary to remedy the situation, or its recommendation that adjustment assistance could effectively remedy the injury. Under the present Act the President has wide discretionary powers regarding the action to be taken. In the event that an import-relief measure is put into force, its initial duration is limited to five years. If the President chooses not to introduce any type of import-relief measure after such action is recommended by the International Trade Commission, he must transmit to the Congress a document setting forth his reasons. The action recommended by the Commission takes effect if, within 90 days after transmittal of the document, there is a majority vote in both houses of a concurrent resolution disapproving the decision of the President.[44]

75. The intent of the Congress in liberalizing the criteria which must be met before an import-relief measure can be introduced is clear. Yet it remains true that the President has wide discretionary powers which are sufficient to maintain a liberal scheme of generalized preferences. Moreover, the history of Presidential action under the escape-clause provision of the Trade Expansion Act of 1962 demonstrates a reluctance on the part of the President to impose MFN restrictions on trade. The more recent emphasis has been on bilateral action, designed to protect preferential treatment for all those beneficiaries which do not account for the increase in imports which injure domestic industry. Nevertheless, the automatic tie between MFN import-relief action and product exclusion from preferences is unfortunate and introduces an element of uncertainty into the scheme of generalized preferences.

2. The competitive need criteria

76. The competitive need criteria provide for the withdrawal of preferential tariff treatment when United States imports during a calendar year of a particular article from a single beneficiary country exceed either $25 million or 50 per cent of total United States imports of the article.[45] It should be noted that such action may be taken whenever total imports of the article from the country exceed either of the limits; whether or not the imports actually received preferential treatment is irrelevant. Preferential treatment for such an article imported from the country concerned must terminate not later than 60 days after the close of the particular calendar year. Once the limits are reached, the beneficiary developing country affected ceases to enjoy preferential treatment for the article, but not for other eligible articles, and other beneficiaries continue to enjoy preferences on the article in question. In keeping with these provisions, Executive Order No. 11888, which implemented the scheme, listed competitive need exclusions based on 1974 trade data. In the meantime, 1975 import information became available, and within 60 days of implementation (i.e. by 26 February 1976) Executive Order No. 11906 modified this list of products and countries subject to limitations on preferential treatment. The 1976 list was also modified by Executive Order No. 11934 (30 August 1976) for certain technical reasons, including changes in the list of beneficiaries and changes in the reported value of 1975 imports. The current competitive need exclusions are effective until the list is revised again on the basis of 1976 trade data some time in the first 60 days of 1977.

77. There are, however, two exceptions to the permanent loss of preferential tariff treatment on the article in question, which constitute a relaxation of the competitive need criteria as originally proposed. First, a country may be redesignated a beneficiary with respect to the article if United States imports of such article from such country did not exceed the limit during the preceding calendar year; and secondly, the President may designate, or con-

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[41] A fuller discussion of this matter may be found in document TD/B/C.5/20*, paras. 14 and 15.

[42] Section 201 (b) (1) of the Act.

[43] Section 201 (b) (3) (B) of the Act.

[44] Section 203 (c) (1) of the Act.

[45] For a comprehensive examination of the implications of these two competitive need criteria, as initially formulated, see document TD/B/C.5/20*, paras. 16-24. See also para. 79 below.

tinue the designation of, a beneficiary with respect to the article if:

(*a*) There has been an historical preferential trade relationship between the United States and such country,

(*b*) There is a treaty or trade agreement in force covering economic relations between such country and the United States, and

(*c*) Such country does not discriminate against, or impose unjustifiable or unreasonable barriers to, United States commerce.[46]

78. Only the Philippines met all three of these criteria for Presidential waiver of the competitive need criteria.

79. Two new elements were added to the competitive need criteria during Congressional deliberations on the Act. The first is a growth factor in the $25 million limit. Each year the limit will be raised in proportion to the previous year's growth of the United States gross national product.[47] This growth factor provides a hedge against inflation plus an increase related to the growth of real product in the United States economy.

80. The second element eliminates the 50 per cent limit for those articles where a like or directly competitive article was not produced in the United States on the date of enactment of the Act. The importance of this exception depends upon the level of product disaggregation chosen to define like or directly competitive articles. Initially, the competitive need limits were applied at the five-digit TSUS level of product definition. At that level of disaggregation few countries benefited, as the broad industrial base of the United States results in there being domestic production in all but 27 five-digit TSUS items, 55 of which were covered by the scheme.[48] Only eleven of these items would have been subject to the competitive need exclusions if the scheme had operated in 1974. Investigations were undertaken in 1976, however, to see if other articles now excluded by the competitive need criteria were not produced in the United States. In a partial departure from the five-digit TSUS disaggregation level, these investigations have occasionally created more narrowly defined TSUS items in order to be able to conclude that an item was not produced in the United States. Thus, the TPSC has ruled that several articles (TSUS 168.50, tequila; TSUS 176.01 and 176.02, castor oil; and TSUS 220.10 and 220.50, cork and cork stoppers) are not produced in the United States and are no longer subject to the competitive need exclusions.

E. Rules of origin[49]

81. The purpose of the rules of origin is to ensure that only products originating in a beneficiary country receive preferential treatment. To qualify for preferences, products must undergo substantial transformation in the beneficiary country. Under the relevant provisions of the initial (revised) United States offer, origin status was to be conferred only when the value of all imported materials and components used in the production of the exported article was less than 50 per cent of the United States appraised value of that article (generally ex-factory cost). This "value-added" concept has been maintained under the present Act, though modified in two respects. First, "substantial transformation" is now defined in terms of direct processing costs. The second modification concerns cumulative origin.

1. Direct costs of processing

82. Under the provisions of section 503 (b) of the Act, the duty-free preferential tariff treatment applies only

(1) to an article which is imported directly from a beneficiary developing country into the customs territory of the United States; and

(2) (A) if the sum of (i) the cost or value of the materials produced in the beneficiary developing country plus (ii) the direct costs of processing operations performed in such beneficiary developing country is not less than 35 per cent of the appraised value of such article at the time of its entry into the customs territory of the United States; or

(B) if the sum of (i) the cost or value of the materials produced in two or more countries which are members of the same association of countries which is treated as one country under section 502(a)(3), plus (ii) the direct costs of processing operations performed in such countries is not less than 50 per cent of the appraised value of such article at the time of its entry into the customs territory of the United States.

For purposes of paragraph (2) (A), the term "country" does not include an association of countries which is treated as one country under section 502(a)(3) but does include a country which is a member of any such association.

83. Defining origin in terms of direct processing costs has important implications for beneficiaries. First, it is theoretically possible that a wholly produced article will not meet the 35 per cent origin requirement, i.e., when the indirect costs exceed 65 per cent of the appraised value. Thus, it is desirable that a special provision be established whereby wholly produced products would qualify for preferential treatment. This would be in compliance with the agreed conclusions of the Working Group on Rules of Origin.[50]

84. Secondly, the scope for using imported materials and components is significantly reduced. For example, for a product having an appraised value of $100, of which $50 are direct processing costs and locally produced materials and components and $50 are indirect processing costs, the 35 per cent requirement means that only $15 (the $50 direct costs less $35 origin required) worth of imported components can be used. This example and others are illustrated below:

Appraised value	100	100	100	100
Indirect costs	66	50	40	25
Minimum direct domestic processing costs required	35	35	35	35
Maximum import content	[a]	15	25	40

[a] Product cannot meet the 35 per cent rule even if wholly produced in the country.

[46] Section 504 (c) (1) of the Act.

[47] Specifically each year the limit will equal $25 million multiplied by the ratio of the gross national product in the preceding calendar year to the gross national product in 1974.

[48] United States International Trade Commission, *Generalized System of Preferences, Notice of Advice to the President and Request for Comments*, Washington, D.C., 30 September 1975.

[49] For a detailed and more up-to-date study on United States rules of origin, see TD/B/C.5/WG(VI)/3.

[50] See the report of the Working Group on Rules of Origin on its third session (TD/B/AC.5/38), para. 53.

85. The examples show that in three of the four cases only 15, 25 and 40 per cent respectively of the appraised value can be accounted for by indirect costs. Thus, the maximum import content is inversely related to the share of appraised value accounted for by indirect cost.

86. In any attempt to put this new formulation of the origin requirement into perspective, selected cost profiles of manufacturing establishments in developing countries have to be examined. These cost profiles, presented in table 1, permit a crude division of production costs between direct and indirect costs. It must be emphasized, however, that these examples are for illustrative purposes only.

87. The data indicate that the "effective value-added"[51] requirement is much higher than implied by the 35 per cent domestic processing costs rule. In fact, for Portland cement produced in East Africa, the 35 per cent requirement would not be met even if the product were wholly produced in a single developing country. A number of additional production processes could not qualify under the 50 per cent cumulative origin provision.

2. Cumulative origin

88. In the case of an association of countries which is a free-trade area or customs union, the President may provide that all beneficiaries belonging to the association be treated as a single beneficiary for purposes of preferential tariff treatment.[52] Such joint treatment has important implications in that components and materials produced[53] in one member beneficiary and used by another will be treated as locally produced in the latter exporting country.

89. There are, however, certain shortcomings in the cumulative origin provision. First, for such an association the "direct costs of processing operations" and of locally produced materials must exceed 50 per cent of the export value of the product. This increase in the origin requirement from 35 per cent for a single beneficiary to 50 per cent for an association treated as a single beneficiary is not insignificant, as is evident from the last column of table 1; additional processing in countries members of the association would not meet the 50 per cent origin rule even if the product in question were wholly produced in those countries. Moreover, the "effective value added" requirement is increased noticeably.

90. The second shortcoming in the cumulative origin requirement is that the competitive need criteria affect the association as a group for all products exported to the United States, regardless of whether these products were exported under the single beneficiary or the association provision. Thus, if total United States imports of a product from all beneficiary members of the association combined exceed an absolute dollar limit or 50 per cent of total United States imports of the product, preferential tariff treatment for the product will be terminated for all beneficiaries belonging to the association. Hence preferential treatment is terminated even for those members of the association whose exports would not have been affected by these limitations if cumulative treatment had not been claimed.

3. Concluding remarks

91. In conclusion, the reformulation of the value-added origin requirement in terms of direct cost of processing plus locally produced material and component inputs appears to be restrictive. Exports by beneficiaries of eligible products to the United States might not qualify for preferential treatment even though they meet all reasonable criteria for preferential treatment. This origin criterion has two major shortcomings. First, there is a possibility that wholly produced articles might not qualify for preferential tariff treatment because the particular production process involves a large share of indirect production costs. In this connexion wholly produced articles should qualify without the need for evaluating locally produced components and production costs. Secondly, specifying an origin requirement based on direct processing costs and locally produced material inputs would be restrictive for those industries which by chance use production technologies requiring a large share of indirect costs and thus necessitating an unreasonably high percentage of value added in order to qualify for preferences.

92. Since one of the consequences of the substantial transformation requirement is to limit the use of imported materials, the origin rules should ensure that substantial processing takes place in beneficiary countries and that the value of imported materials and components does not exceed a reasonable percentage of the export value of the product.

93. Alternatively, this import-content requirement might be specified in such a way that the value of imported materials cannot exceed a certain percentage of the direct processing costs plus locally produced material inputs. But since the base value for calculating the permissible import-content is much less than the export value of the product, the percentage figure of the import materials should be much larger in this latter case.

F. Duration of preferential treatment

94. The duration of the scheme is limited to ten years after the date of enactment of the Act (i.e., until 3 January 1985). However, the President is required to submit to the Congress for review a full and complete report on the operation of the scheme not later than five years after the date of enactment.[54] Any continuation of the preferential treatment after the ten-year period will therefore require Congressional action.

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[51] "Effective value-added" is defined as (1-K), where K is the maximum share of total production costs (appraised value) which can be accounted for by imported materials and components and still meet the 35 per cent origin requirement (or the 50 per cent requirement for cumulative treatment—see para. 89 below).

[52] The President will so provide only if all beneficiaries of the association request such cumulative treatment.

[53] The definition of materials and components produced in a beneficiary country is not contained in the Act. It is not clear whether such materials and components must be wholly produced in the beneficiary country.

[54] Section 505 (b) of the Act.

TABLE 1

Illustrative examples of the effective value-added requirement under the United States scheme of generalized preferences

Country and product (Year for which information applies)	Annual production	Cost of production[a] Direct	Cost of production[a] Indirect	Minimum[b] direct cost	Maximum[c] importable materials	Effective[d] value-added (50 per cent)	Effective[d] value-added (35 per cent)
	Thousands of dollars						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
East Africa/Portland cement (1967)	3 075.0	995.6	2 079.4	1 076.0	e	f	e
Iran/cement (1968)	3 513.0	1 453.0	2 060.0	1 229.0	224.0	f	94
Iran/refrigerators, coolers and heaters (1968)	10 960.0	4 778.0	6 182.0	3 836.0	942.0	f	92
Mexico/human and veterinary medical preparations (1966)	709.9	328.1	381.8	248.5	79.6	f	89
Mexico/glassware containers (1966)	6 152.0	2 802.9	3 349.1	2 153.2	649.7	f	89
Mexico/sodium carbonate, caustic soda, sodium chloride (1966)	12 393.0	5 994.6	6 398.4	4 337.5	1 657.1	f	87
Mexico/paints and synthetic resins (1966)	2 163.0	1 049.6	1 113.4	757.0	292.6	f	86
Iran/window glass, tumblers, bottles, crystal wares, etc. (1968)	1 935.1	996.1	939.0	677.0	319.1	(99)	84
Mexico/ammonium sulphate and single super phosphate (1966)	9.349.0	4 776.6	4.572.4	3 272.0	1 504.6	(99)	84
Mexico/rolled, drawn, forged and cast metal products (1966)	6 191.0	3 269.9	2 921.1	2 166.0	1 103.9	(98)	82
Mexico/natural and synthetic rubber tyres, tubes and floor covering (1966)	10 104.0	5 439.0	4 665.0	3 536.0	1 903.0	(97)	81
Mexico/various adhesives and related chemicals (1967)	7 801.0	4 287.4	3 513.6	2 730.0	1 557.4	(96)	80
Mexico/agricultural machinery, trucks and tractors (1966)	9 819.0	5 469.8	4 349.2	3 437.0	2 032.8	(95)	79
Mexico/steel mould-shots (produced from steel wire) (1966)	103.5	58.9	44.6	36.0	22.9	(94)	78
Mexico/cellulose (1966)	517.4	292.7	224.7	181.0	111.7	(94)	78
Mexico/bricks and other construction materials (1966)	2 005.0	1 163.0	842.0	702.0	461.0	(92)	77
El Salvador/plastic table sets (1967)	202.0	124.0	78.0	70.7	53.3	(89)	74
Iran/pharmaceuticals (1968)	2 552.0	1 563.0	989.0	892.0	671.0	(89)	74
Mexico/electric lamps (1966/67)	219.0	134.4	84.6	77.0	57.4	(89)	74
Mexico/steel angles, bolts, nuts, steel wire rods, tanks, props, etc. (1966)	14 573.0	9 614.5	4 958.5	5 100.0	4 514.5	(85)	69
East Africa/plywood (1967)	495.0	331.0	164.0	173.0	158.0	(84)	68
Mexico/non ferrous wires, conductors, and cables (1966)	30 675.0	21 876.6	8 798.4	10 736.0	11 140.6	(79)	64
Mexico/refined antimonial lead (1966)	360.0	259.7	100.3	126.0	133.7	(78)	63
Mexico/cables, wires and wire products (1966)	27 480.0	20 264.5	7 215.5	9 618.0	10 646.5	(77)	61
Mexico/motorcycles and bicycles (1966)	4 872.3	3 756.4	1 115.9	1 705.0	2 051.4	(73)	58
East Africa/wire nails (1966)	159.0	126.0	33.0	56.0	70.0	(71)	56
El Salvador/copper and aluminium wire (1966)	3 033.0	2 416.6	616.4	1 062.0	1 354.6	(71)	55
Mexico/tractors, seeders, cultivators, harrows and other agricultural implements (1966/67)	10 029.0	8 056.6	1 972.4	3 510.0	4 546.6	(70)	55
Mexico/tin cans (1966)	4 557.0	3 702.0	855.0	1 595.0	2 107.0	(69)	54
Mexico/automobiles and trucks (1967)	105 228.0	88 334.1	16 893.9	36 830.0	51 504.1	(67)	51
Iran/television and radio sets, and gramophones (1968)	5 240.0	4 407.0	833.0	1 834.0	2 573.0	(66)	51
Iran/assembly of buses, mini-cars, and passenger cars (1968)	56 983.0	47 776.2	9 206.8	19 944.0	27 832.2	(66)	51
Iran/plastic insulated electrical cables (1968)	1 986.0	1 714.1	271.9	695.0	1 019.1	(64)	49
Iran/television sets (1968)	2 505.1	2 380.7	124.4	877.0	1 503.7	(55)	40

Source: UNIDO, *Profiles of Manufacturing Establishments*, volume III (United Nations publication, Sales No. E.71.II.B.12).

NOTE: The crude cost breakdown is as follows: *Direct costs*: Operative wages and salaries, plus employe fringe benefits; Depreciation; Production materials. *Indirect costs*: Non-operative wages and salaries, plus employe fringe benefits; Rent; Interest; Royalties; Profits; Utilities; Non-production materials and supplies; Business services.

[a] Costs of production include profits and therefore equal annual production.

[b] The rules of origin require that local contributions to direct cost exceed 35 per cent of the export value. [Col.(5) = 35 per cent of col.(2)].

[c] Direct cost less minimum direct cost [Col.(3) — col.(5)].

[d] Since nearly all indirect costs originate domestically, the effective value-added requirement is total costs of production less the maximum importable materials — i.e. 1.0 — col.(6)/col.(2) as a percentage.

[e] The actual direct cost of processing, even if wholly produced, is insufficient to meet the 35 per cent requirement.

[f] See foot-note [e], except that the relevant requirement is 50 per cent.

Chapter II

TRADE IMPLICATIONS

A. Over-all trade implications of the scheme

95. The analysis of the United States scheme which follows deals mainly with estimates of the value of imports from developing countries which are dutiable,[55] the value of such imports which are covered by the scheme and the value of imports which, although covered by the scheme, were not granted preferences because of the competitive need criteria. These estimates are presented both for beneficiaries and for members of the Group of 77 which have not been designated beneficiaries of the United States scheme (see annexes I and II for the respective lists). Estimates of preferential tariff margins under the United States scheme and the consequent expansion of developing countries' exports which were made in previous studies are also reviewed here. Finally, a brief qualitative examination is made of the incentives for investment and rationalization of world production patterns to which the scheme could give rise. In the absence of more recent trade data, the quantitative analysis of the probable impact of the United States scheme on exports of the developing countries to the United States proceeds on the assumption that the scheme was operating in 1974, with competitive need exclusions based on application of the competitive need criteria to 1973 imports. For information purposes, the value of 1975 imports of TSUS items which exceed either the absolute dollar or the 50 per cent limits are also discussed, since these are items currently subject to competitive need exclusions.

96. As shown in table 2, and in detail in annex V, imports from all beneficiaries of products covered by the scheme amounted to $6,279 million in 1974, or 26 per cent of total imports from these sources and 34 per cent of those which were dutiable. The proportions were respectively 36 per cent and 65 per cent for agricultural products (CCCN chapters 1-24) and 22 per cent and 26 per cent for industrial products (CCCN chapters 25-99). The share of dutiable trade covered by the United States scheme is higher for agricultural than for industrial products. This is primarily due to the inclusion of sugar (TSUS 155.20, which accounts for almost all ($2,072 million) of the total dutiable imports of agricultural products covered by the scheme. However, because of the competitive need criteria, preferences would have been denied to the major beneficiary exporters of sugar to the United States,[56] and the coverage for agricultural products would have declined sharply, from 65 per cent to 23 per cent of dutiable imports.

97. For the least developed among the developing countries, table 2 indicates that United States imports in 1974 of agricultural products eligible for preferences were $28 million, or 88 per cent of total dutiable imports of such products from these countries. The corresponding figures for industrial products were $35 million and 44 per cent. Haiti and Ethiopia were the major suppliers ($37 million and $13 million, respectively) among the least developed countries of products covered by the scheme. Three of the least developed countries—Democratic Yemen, the Lao People's Democratic Republic and Uganda—are not at present designated as beneficiaries.

98. An estimate of the degree to which the ACP countries, sharing their preferences in EEC under the Lomé Convention, will receive preferential treatment under the new United States scheme is also shown in table 2. United States imports from beneficiary ACP countries (i.e., excluding Gabon, Nigeria and Uganda) of products covered by the scheme amounted to $252 million, or 10 per cent of total dutiable imports of $2,465 million, from these countries. The low over-all coverage of imports from the ACP countries is explained almost entirely by trade in industrial products, since the scheme covers as much as 93 per cent of dutiable agricultural products imported from ACP countries in 1974. The low coverage of industrial products, in turn, follows from the fact that the Bahamas and Trinidad and Tobago, which accounted for 97 per cent of dutiable United States industrial imports from ACP countries, mainly export petroleum products, which are not covered by the scheme. Thus, in respect of their trade with the United States, there appears to be a need for the ACP countries in general to diversify their exports and for the African and Pacific countries in particular to widen their export marketing activities.

99. Similar calculations have been made for members of the Group of 77 which have not been designated as beneficiaries of the United States scheme because of certain criteria governing the conferment of such status. The countries involved are, *inter alia*: members of OPEC, countries regarded as "Communist", and countries which have not resolved investment disputes with American companies in a way which the United States Government

[55] Dutiable imports include some items for which duties have been temporarily suspended.

[56] It is of interest to note that not only have major developing country exporters of sugar to the United States been denied preferential treatment, but in addition they face a higher tariff. On 26 September 1976, the President raised the tariff on sugar from 0.6625 to 1.9875 cents per pound. These actions were designed to support domestic sugar prices after a dramatic decline in price on world markets, and to reduce the financial losses experienced by some United States sugar growers and producers. At the original specific tariff level and the 1974-1975 peak of 64 cents per pound, the *ad valorem* equivalent tariff (and preferential margins under the United States scheme) was 1 per cent. Since the price has dropped to less than 10 cents a pound and the specific tariff was raised, the *ad valorem* equivalent increased to about 20 per cent. Moreover, petitions have been received by the United States Government requesting removal of sugar from the list of products eligible for preference under the scheme.

TABLE 2

United States imports in 1974 from developing countries and territories

Country/product grouping	CCCN chapters	Total imports	Dutiable imports	Imports covered by scheme	Imports covered by the scheme as share of Total imports	Imports covered by the scheme as share of Dutiable imports
		Millions of dollars			Percentages	
Designated beneficiaries [a]						
All products	1-99	24 136	18 341	6 279	26	34
Agricultural products	1-24	7 056	3 909	2 532	36	65
Industrial products	25-99	17 080	14 432	3 747	22	26
Non-beneficiary members of the Group of 77 [b]						
All products	1-99	15 715	14 530	98	1	1
Agricultural products	1-24	600	123	72	12	15
Industrial products	25-99	15 115	14 407	26	—[c]	—[c]
ACP beneficiary countries [d]						
All products	1-99	3 387	2 465	252	7	10
Agricultural products	1-24	692	220	204	29	93
Industrial products	25-99	2 695	2 245	48	2	2
Least developed beneficiary countries [e]						
All products	1-99	370	111	63	17	56
Agricultural products	1-24	170	32	28	16	88
Industrial products	25-99	200	79	35	17	44

Source: UNCTAD secretariat calculations.

[a] See annex I.

[b] See annex II.

[c] Less than 0.5 per cent.

[d] See, in this volume, document TD/B/C.5/36, annex I, for the list of ACP countries as at February 1975. Calculations do not include ACP countries (Gabon, Uganda and Nigeria) which are not beneficiaries of the United States scheme; they include, however, Comoros, Seychelles and Surinam which acceded to the Lomé Convention in 1976.

[e] For the list of least developed countries see, in this volume, document TD/B/C.5/39, foot-note 1.

regards as satisfactory (see paras. 3-5 above). Details of the effects of these exclusions on the trade with the United States of these countries are shown in annex VI, and a summary is given in table 2. The data show that out of $14,530 million of the United States total dutiable imports from these countries only $98 million, or less than 1 per cent, would have been covered by the scheme in 1974, and most of these imports consisted of agricultural products from OPEC members. This extremely low coverage is explained by the fact that the bulk of United States dutiable imports from these countries consists of petroleum and petroleum products, which are excluded from the scheme. The countries with the largest amount of imports which would have been eligible for preferences if they had been designated beneficiaries are Ecuador ($44 million), Indonesia ($18 million), Nigeria ($14 million), and Venezuela ($11 million).

100. It should be noted that the above trade coverage of the scheme is substantially reduced by the competitive need exclusions. The trade implications of the competitve need criteria are estimated in section B below.

B. Trade implications of the competitive need criteria

101. The competitive need criteria provide for the withdrawal of preferential tariff treatment when United States imports during a calendar year of a particular article from a single beneficiary exceed either an absolute dollar amount or 50 per cent of total United States imports of the article.[57] It should be noted that such action may be taken whenever total imports of the article from the country exceed either of the limits. Whether or not the imports actually received preferential treatment is irrelevant. Preferential treatment for such an article imported from the country concerned must terminate not later than 60 days after the close of the particular calendar year. The

[57] See foot-note 47 above. Products not produced in the United States are exempt from the 50 per cent competitive need limit (see paras. 76-78 above).

beneficiary developing country affected ceases to enjoy preferential treatment for the article, but not for other eligible articles, and other beneficiaries continue to enjoy preferences on the article in question. In keeping with these provisions, Executive Order No. 11888, which implemented the scheme, listed competitive need exclusions based on 1974 trade data. Import information for 1975 subsequently became available, and with effect from 29 February 1976 (i.e. within 60 days of the end of 1975), Executive Order No. 11906 modified this list of products and countries subject to competitive need exclusions. This list was also modified by Executive Order No. 11934 (30 August 1976) for certain technical reasons, including changes in the list of beneficiaries, and changes in the reported value of 1975 imports. The current competitive need exclusions remain in force until the list is revised again on the basis of 1976 trade data within the first 60 days of 1977.

102. To quantify the impact of the competitive need criteria, the analysis which follows discusses the exclusions for 1976 and the actual 1975 trade values on which they were based. The analysis also estimates the share of 1974 imports of covered products which would have been ineligible for preferences after application of the competitive need criteria had the scheme been operating in that year. The two competitive need criteria, i.e. the absolute dollar limit and the 50 per cent limit, are treated separately and their combined effect, also, is examined.

1. The 1976 limitations

103. Products affected by the competitive need exclusions which applied from 29 February to 31 December 1976 and a maximum of the first 60 days of 1977 are listed for each beneficiary in annex IV. For this period the limitations affect 253 products defined at the five-digit TSUS level, imported from one or more of 35 beneficiaries. The value of 1975 United States imports of these items from affected beneficiaries, which formed the basis for the exclusions, amounted to $2,222 million.[58] Over 80 per cent of this trade in value terms was excluded from preferences by the absolute dollar criterion, although it applied to only 14 of the 253 TSUS items affected. In terms of the number of products affected, the position was much the same as in the first two months of operation of the United States scheme, when exclusions were based on 1974 imports and 236 products were affected, valued in total at $3,608 million, and imported from one or more of 32 beneficiaries. However, the composition of the lists of products affected during the two periods (i.e., January-February 1976 and March 1976-February 1977) changed markedly because of differences in the value of imports of specific TSUS items in 1974 on the one hand and in 1975 on the other. Imports of 66 items which exceeded the competitive need limits in 1974 fell below the competitive need limits in 1975, were removed from the original list of exclusions and became eligible for GSP treatment on 29 February 1976, while another 84 items rose over the limits in 1975 and were added to the list of competitive need exclusions.[59] If this pattern continues, and roughly one-third of the items on the list of competitive need exclusions changes every year with the vagaries of trade, the beneficiaries who export products which arrive in the United States during the first few months of any calendar year will face considerable uncertainty regarding the eligibility of their shipments for preferential treatment.

104. This uncertainty may prevent export earnings from growing because exporters cannot negotiate a higher price from importers who still expect to have to pay duties, and importers will not purchase more of the product than they otherwise might have purchased unless they are certain of duty-free treatment. Furthermore, this uncertainty seems largely unnecessary in view of the fact that most changes in the list arise from application of the 50 per cent criterion, a criterion which denies preferential treatment to a large number of insignificant import items. United States imports in 1975 from the beneficiaries affected in 1976 were less than $100,000 for 88 of the items and for six they were less than $500. For only 12 items affected by the 50 per cent criterion alone were imports from the affected beneficiary in excess of $10 million.[60]

105. By far the most important product excluded from preferential treatment by the competitive need criteria is TSUS 155.20 (sugar, syrup and molasses) which the United States imported in excess of the absolute dollar limit for 1975 ($26.6 million) from 15 countries, including the Philippines, Dominican Republic and other countries in South-East Asia and Latin America. The total value of those sugar imports excluded from preferential treatment amounted to $1.1 billion. Other important items excluded in 1975 by the absolute dollar criterion were TSUS 685.24 (radio receivers, from Hong Kong, Singapore and another beneficiary, totalling $1,707 million); TSUS 612.03 and 612.06 (unwrought copper, from Chile and Peru, amounting to $95 million); TSUS 692.27 (motor vehicle body parts, from Mexico, amounting to $68 million); TSUS 737.95 (toys, from Hong Kong, amounting to $55 million); and TSUS 790.70 (wigs, from the Republic of Korea, amounting to $44 million).[61]

106. In terms of 1975 United States imports the most important items excluded by the 50 per cent criterion were TSUS 176.33 (palm oil, from Malaysia, $21 million) and TSUS 741.30 (certain beads, bugles and spangles, from the Philippines, $17 million). Menthol, baseball equipment, some spirits for beverages, wood mouldings and frames, certain types of paper, motor vehicle springs and umbrellas were other major articles.

107. Beneficiaries with the largest value of imports excluded from the scheme by the competitive need crite-

[58] This discussion refers only to the 1975 imports of products excluded by the competitive need criteria with effect from 29 February 1976.

[59] To complete the accounting for the difference between the numbers of items on the two lists (253 and 236) it should be noted that one item was removed from the original list of competitive need exclusions but did not become eligible for preferential treatment.

[60] Two items were affected by both the absolute dollar criterion and the 50 per cent criterion.

[61] The last two items also were affected by the 50 per cent criterion.

TABLE 3

Effective coverage of the United States scheme for 1974 for major beneficiaries *

(Millions of dollars)

Beneficiary (1)	Imports of products covered by the scheme (2)	of which subject to the: Absolute dollar limit (3)	of which subject to the: 50 per cent limit (4)	Effective coverage: Value (2) - (4) (5)	Effective coverage: Per cent (5/2) (6)
Argentina	190.8	—	4.3	186.5	98
Brazil	664.2	401.3	27.3	235.6	35
Chile	251.5	242.5	0.6	8.4	3
Dominican Republic	275.9	244.7	6.3	24.9	9
Hong Kong	656.2	289.2	53.6	313.4	48
Mexico	1 083.8	393.8	97.7	592.3	55
Peru	394.1	343.4	—	50.7	13
Philippines	628.8	503.4	30.4	95.0	15
Republic of Korea	283.7	51.2	0.5	232.0	82
Singapore	144.2	39.0	—	105.2	73
Yugoslavia	128.8	—	5.9	122.8	95
Other Asia	633.5	101.8	54.6	471.1	74

Source: UNCTAD secretariat calculations.

* See para. 108.

ria were Mexico ($344 million), Hong Kong ($292 million) and the Philippines ($251 million). Mexico is also first with respect to the number of items excluded in 1976 (59), followed by Hong Kong (42). In the light of one rationale for competitive need exclusions,[62] it is interesting to note that they also affected two of the least-developed among the developing countries in 1976. Haiti was denied eligibility for three items, of which it exported $14 million to the United States in 1975, and a $19,000 item exported by Somalia was affected. One item from Ethiopia was also among the competitive need exclusions applicable to the first two months of 1976.

2. SIMULATION OF COMPETITIVE NEED EXCLUSIONS IN 1974

108. While the 1975 values of imports affected by the competitive need criteria give an indication of the absolute size of such exclusions, the lack of complete 1975 trade data makes it impossible to relate these amounts to the coverage of the scheme. To obtain such an insight, the competitive need criteria have been applied as if the scheme had been operating in 1974, with current beneficiary lists and product coverage.[63] The results for individual beneficiaries are shown in annexes V and VI, and for major suppliers in table 3. These tabulations also contain estimates of the effective product coverage of the scheme, which is defined as the net trade resulting from deduction of the competitive need exclusions from estimates of trade otherwise covered by the United States scheme. Effective coverage has been calculated in terms both of absolute value and of the share of total imports, both for designated beneficiaries and for non-beneficiaries members of the Group of 77 (see tables 4 and 5).

109. For designated beneficiaries the application of the competitive need criteria would have reduced the effective trade coverage of the scheme to $3,331 million or by 47 per cent. In terms of the proportion of exports covered by the scheme that would have been excluded, the beneficiaries most affected are those whose covered exports to the United States consisted mostly of sugar. For example, the Dominican Republic and the Philippines would have lost preferences on 91 per cent and 85 per cent respectively of their covered exports to the United States. For Peru, with both sugar and copper excluded, the reduction would have been 87 per cent, and for Chile 97 per cent, although it should be noted that copper has been subject to temporary MFN duty suspensions which are not reflected in either table 3 or annex V. Among other beneficiaries which would have been affected by the competitive need exclusions in 1974 are Hong Kong and Mexico, which would have lost preferences on about half of their covered exports to the United States.[64] In contrast,

[62] According to a Congressional report, the competitive need criteria would provide "... more opportunities to the least-developed countries which would not have to compete in the United States market on equal terms with highly competitive products exported by more advanced developing countries". See United States of America, *Report of the Committee on Ways and Means, House of Representatives, to Accompany H.R. 10710* (Washington D.C., U.S. Government Printing Office), House Report No. 93-571 (10 October 1973), p. 88, and the subsequent UNCTAD secretariat analysis of this rationale in document TD/B/C.5/20.

[63] That is, the criteria were applied to 1973 United States imports to determine which products, and from which beneficiaries, would have been excluded in 1974. This analysis also ignores any trade expansion that might have occurred if the scheme had been operating in 1974.

[64] It may be noted that some products not covered by the scheme or, if covered, affected by the competitive need criteria may still enter the United States at reduced rates of duty if they are classified under TSUS items 806.30 or 807.00. (See para. 128 below for details of these so-called off-shore assembly provisions.)

TABLE 4

United States imports in 1974 from designated beneficiaries *

	Value (millions of dollars)	*Share of total (Percentages)*	*Share of covered imports (Percentages)*
Total imports from beneficiaries .	24 136	100	
Less duty-free imports	5 791	24	
Less dutiable agricultural imports not covered by the scheme ..	1 377	6	
Less dutiable industrial imports not covered by the scheme ..	10 690	44	
Equals imports of products covered by the scheme	6 279	26	100
Less imports affected by the $25 million limitation	2 564	11	41
Less imports affected by the 50 per cent limitation	383	2	6
Equals effective product coverage of the scheme	3 331	14	53

Source: UNCTAD secretariat calculations. Minor discrepancies are due to rounding of figures.

* See para 108.

TABLE 5

United States imports in 1974 from non-beneficiary members of the Group of 77 *

	Value (millions of dollars)	*Share of total (percentages)*
Total imports from non-beneficiaries	15 714	100.0
Less duty-free imports	1 184	7.5
Less dutiable agricultural imports not covered by the scheme	51	0.3
Less dutiable industrial imports not covered by the scheme	14 381	91.5
Equals imports of products covered by the scheme	98	0.6
Less imports affected by the $25 million limitation	—	—
Less imports affected by the 50 per cent limitation	2	—
Equals effective product coverage of the scheme	96	0.6

Source: UNCTAD secretariat calculations. Minor discrepancies are due to rounding of figures.

* See para. 108.

India and Yugoslavia would have lost preferences only on 14 per cent and 5 per cent respectively of such exports. If the current scheme had been operating in 1974, 20 per cent of covered imports from the least-developed countries would have lost preferences because of competitive need exclusions which were intended to affect the more advanced developing countries.

110. Members of the Group of 77 which have not yet received beneficiary status would have suffered an almost negligible loss of preferential treatment because of the competitive need criteria. Only $98 million of their 1974 exports to the United States consisted of products covered by the scheme. If they had been beneficiaries in 1974, the competitive need exclusions would have applied to only $2 million of their exports, exclusively on account of the 50 per cent limitation. As a result of the application of the criteria, the effective product coverage would have been $96 million, or 0.6 per cent of their dutiable trade, if these countries had been beneficiaries. This figure gives a more accurate measure of the trade advantages lost by exclusion from the list of beneficiaries. The countries which would have been affected by the competitive need criteria are: Ecuador ($513,000), Iran ($1.3 million) and Venezuela ($319,000).[65]

C. Preferential tariff margins and products not covered by the scheme

111. An examination of the average margins of preference that would have applied under the 1973 Trade Bill is contained in the report by the UNCTAD secretariat submitted to the Special Committee on Preferences at its sixth session.[66] Since this examination was based on post-Kennedy Round tariff rates, the unweighted tariff averages which were calculated still apply. The change in product coverage of the scheme as enacted is insufficient to affect significantly the broad tariff averages calculated. It was found in the earlier study that the general unweighted tariff averages for products covered by the scheme and for other products were 9.9 per cent and 18.9 per cent respectively.

112. The fact that the tariff average for products not covered by the scheme is roughly double the average for covered products may be an indication of the import sensitivity of the excluded products. However, the sensitivity is not the same for all excluded items and, more important, it cannot necessarily be attributed to imports

[65] United States imports from countries members OPEC of products which would have been eligible for preferential treatment if these countries had been beneficiaries amounted to $96 million in 1974, in comparison with approximately $14 billion in United States oil imports from OPEC members in the same year. Assuming zero import demand elasticities and a preferential tariff margin of 10 per cent, countries members of OPEC would have increased their export revenues by $9.6 million under the United States scheme had they received the whole amount of the tariff revenue forgone, while on the same demand assumptions a 1 per cent rise in oil prices would have increased OPEC export earnings by $140 million, or by nearly 15 times the revenue forgone through exclusion from benefits of the United States scheme.

[66] TD/B/C.5/20*, paras. 65-69.

TABLE 6

United States trade in and tariffs on major products excluded from the scheme, 1973

Products	*Unweighted average MFN tariff (percentages)*	*Total imports from developing countries (millions of dollars)*
Products excluded by law:		
Petroleum	4.5	1 550.0
Textiles	24.5	1 150.0
Footwear	11.6	328.0
Steel	3.2	185.0
Watches	19.3	1.5
Escape-clause articles (ex items)	15.0	0.5
Other major exclusions,	8.5	125.0
of which:		
Fluorspar	13.5	36.7
Unwrought zinc	3.1	27.7
Unwrought aluminium	4.5	24.9
Unwrought lead	7.5	17.9
Tungsten ore	11.5	13.2

Source: UNCTAD secretariat calculations.

from the beneficiary developing countries. Data on United States trade and tariffs for the major classes of excluded products are shown in table 6.

113. The relatively high duties on textiles and footwear are evidence of their import sensitivity in the United States. However, given the existence of the large number of "voluntary export restraint" agreements which the United States has negotiated with textile-exporting countries, there seems to be little justification for excluding textiles from the list of articles eligible for preferences. The other high-duty items excluded by law—watches and escape-clause articles—are not at present important items exported by developing countries.

114. The relatively low duties on petroleum, steel, zinc, aluminium and lead indicate that the United States has in the past been willing to negotiate low duties on these items on a reciprocal basis in a GATT context. It should be possible, therefore, to apply this liberal policy also in the context of the GSP.

D. The probable trade expansion due to the preferential tariff margins

115. The underlying purpose of the GSP is to stimulate an increase in the export volumes and earnings of developing countries, thereby contributing to their process of industrialization and economic growth. Thus, in evaluating the United States scheme it is important to consider it in a dynamic context. The dynamic elements are several, including price and investment incentives, as well as an economic efficiency incentive to rationalize world production according to factor endowments and comparative advantage.

1. THE PRICE INCENTIVE FOR TRADE EXPANSION

116. Preferential tariff reductions enable importers in the preference-giving country to obtain a lower landed cost for imports from beneficiaries, if beneficiary exporters do not increase prices by an offsetting amount. This lower landed cost creates two price incentives for the importer.

117. First, the increased importer's profit margin increases his competitiveness vis-à-vis domestic producers. The importer can lower his price to consumers, who would then buy more, offer special discounts to retailers or wholesalers, who would then increase their advertising or other sales efforts to attract increased buyer attention. In any of these ways he can use the increased profit margin to expand his share of the domestic market. (This effect is generally known as the trade creation effect, since increased imports result from increased consumer purchases and decreased domestic output.)

118. Secondly, the higher profit margin for the importer arises only when the product is imported from a beneficiary developing country, constituting an incentive to substitute imports from beneficiaries for imports from other sources. (This effect is generally known as the trade diversion effect.)

119. Estimates of the trade creation and diversion effects of the United States scheme are shown below in table 7. These estimates are qualified by the use of 1971 import data and the preliminary list of eligible products and beneficiaries contained in Executive Order No. 11844 of 24 March 1975, but they nevertheless illustrate the potential impact of the preferential treatment.[67] The calculations were made under two alternative assumptions: first, that the competitive need limitations would be administered as provided for in the Act, and secondly, that these limitations would not exist. The resulting expansion of trade amounts to $236.4 million and $337.2

[67] The formulae used are:

$$\text{Trade creation} = M \cdot e \cdot \frac{dt}{1+t};$$

$$\text{Trade diversion} = M \cdot e \cdot \frac{dt}{1+t} \quad \frac{Mn}{Pd};$$

where M is the initial level of preferred imports of a product; e the import demand elasticity; dt the change in the tariff rate (i.e., the MFN tariff); t the initial MFN tariff rate (thus, $dt = t$ because the preferential rate is equal to zero); Mn is the initial level of non-preferred imports and Pd the level of domestic production in the United States. These formulae assume infinite supply elasticities in the exporting countries. The calculations are based on a non-homogeneous product model and cover a sample of all four-digit CCCN products for which 1971 United States imports from developing countries exceeded $0.5 million.

It must be emphasized that these calculations are offered for illustrative purposes only. While the trade creation formula is commonly used, the same cannot be said for the trade diversion formula. Calculating this latter effect generally requires the use of substitution elasticities, which are very difficult to estimate. Therefore, trade diversion is assumed to be proportional to trade creation, where the proportion equals the share of Mn in Pd. If an alternative formula were to be used, the results would probably be different. However, the results which were obtained (trade creation significantly larger than trade diversion) are consistent with many other studies of trade creation and trade diversion for customs unions and free-trade areas.

TABLE 7

Estimated trade creation and trade diversion resulting from the United States scheme

(Millions of dollars, based on 1971 imports)

	Creation	*Diversion*	*Total*
With competitive need limitations	190.7	45.7	236.4
Without competitive need limitations	277.7	59.5	337.2

Source: UNCTAD secretariat calculations.

million respectively, representing increases in exports by beneficiaries to the United States (of products covered by the scheme) of 29 per cent and 26 per cent respectively. The difference between these two sets of calculations can be taken as the cost of the competitive need criteria to the beneficiaries in terms of forgone preferential exports to the United States. Thus, the application of these criteria reduces trade creation by $87 million, trade diversion by $13.8 million and total trade expansion by just over $100 million.[68] The increased exports of $236.4 million can be allocated among regions as follows: Latin America: $74.6 million (31.6 per cent), Africa: $1.2 million (0.5 per cent), Asia and Oceania: $145.2 million (61.4 per cent), and Europe: $15.4 million (6.5 per cent). As may be expected, the regional distribution of the benefits is thus very unequal. Similarly, the trade expansion is very unevenly distributed among products.

2. THE INVESTMENT INCENTIVE AND THE RATIONALIZATION OF WORLD PRODUCTION

120. A primary objective of the GSP is to stimulate the rate of economic growth in developing countries through industrialization. A major prerequisite of economic growth is increased labour productivity; increased production in the manufacturing sector is generally thought to hold the greatest potential for increasing labour productivity, but this requires new investment in productive capacity.

121. Preferential tariff margins, which are aimed at increasing the market share of developing countries in the developed countries, should provide an added stimulus to the ongoing investment programmes in developing countries. Of course, the GSP, like any tariff policy, can only be considered as one of many elements that enter into investment decisions, but current international policies designed to provide developing countries with better access to developed countries for their exports can only increase the attention that investors will devote to seeking investment opportunities in the developing countries.

122. A number of existing schemes of generalized preferences, however, contain elements of uncertainty regarding the granting of preferential tariff treatment and this can lead investors on the whole to disregard the GSP when making their investment decisions. The ceiling system of the schemes of EEC and Japan, for example, is a major source of uncertainty. So also are the competitive need criteria of the United States scheme, since a number of events can lead to the termination of preferential treatment of a particular article from a particular developing country. A successful expansion of exports to the United States,[69] the failure of alternative suppliers to maintain their sales in the United States, or the redefinition of a TSUS item (which has been proposed to the United States Trade Policy Staff Committee in petitions from interested parties)—any one of these can cause a beneficiary to exceed one or both of the competitive need limits. For many items, imports from any one beneficiary may be slightly over the competitive need limit one year and slightly below the next, resulting in frequent but unpredictable changes in eligibility for preferential treatment.[70]

123. It should be noted also that every time a beneficiary loses eligibility for an article it will be placed at a disadvantage vis-à-vis other beneficiaries, which will continue to enjoy preferential tariff treatment for the same article. Of course, there is always the possibility that other beneficiary suppliers may increase their exports to the United States in sufficient value to bring a major supplier below the competitive need limits in subsequent years so that preferential treatment for the article in question may be re-established in his favour.

124. Frequent changes in product coverage can also increase uncertainty, and the review procedure adopted by the United State allows for continuous requests for revision and for semi-annual reviews of these requests. By May 1976, requests from interested parties had been received for changes in the status of 76 products, all but 10 of which involved withdrawal of eligibility. As previously noted, five more items were deleted from the list of eligible articles within two months of implementation of the scheme. Another five TSUS items were deleted as of 1 October 1976, and only one item was added to the scheme as a result of these reviews.

125. The rules of origin of the United states scheme may also have adverse effects. The substantial transformation criterion may prevent certain exports from receiving preferential treatment because of a high import content of the exported product. The fact that substantial

[68] Since 1971 data were used, the $25 million competitive need limitation was exceeded in fewer cases than would be the case in 1975. Hence, the calculations underestimate the share of trade affected by this limitation and, therefore, overestimate the trade creation effect with the competitive need limitations.

[69] In this context, success is measured by attainment of the absolute dollar limitation or the 50 per cent limitation.

[70] Some warning of probable changes in competitive need exclusions at the end of February is given through publication in the Federal Register of a list of products and beneficiaries which may be affected. Also, notice is given to the United States embassies in beneficiary countries as well as to United States importers. However, in view of the long time lags involved in the production of some goods for export under the GSP and in the shipping of these goods to the United States, this warning does not appear to be given sufficiently in advance. In addition, to be fully effective, the warning would need to be communicated directly to the governments of beneficiary countries and to their exporters.

transformation has not been defined precisely and completely by the United States also creates uncertainty over whether exports from beneficiaries will actually receive preferential treatment. Similar uncertainty may be created by the use of many different appraisal methods by United States Customs, since satisfaction of the substantial transformation rule depends on the appraised value. In addition, more stringent direct shipment requirements under the scheme may also reduce preferential treatment and thereby dampen incentives for expansion of investment and production in developing countries.

126. Another element of the rules of origin which limits preferential imports is the failure of beneficiary governments to inform the United States of the authorities empowered to certify the origin documents. Although this would seem to be an easily satisfied requirement, as of January 1977 a large number of beneficiaries had not notified the United States of their certifying authorities despite repeated requests.[71] The effect of this failure to notify has been to deny preferential treatment to exports to the United States otherwise eligible for preferences.

127. Despite the foregoing limitations on the advantages of preferential treatment, the GSP, by concentrating world attention on the export potential of developing countries, should contribute to a rationalization of world production according to national factor endowments and international comparative advantage. As evidenced by the recent acceleration in the rate of growth of developing country exports of manufactured products, a new pattern of international trade is emerging. The developing countries have shown that they have a comparative advantage in a wide range of manufactured items, often in areas other than the traditional labour-intensive sectors such as textiles.[72]

128. The incentives created by the GSP should stimulate a reallocation of world production, with developing countries expanding and diversifying either their industrial production or their exports of industrial products. One illustration of a tariff policy that appears to have created a certain reallocation of resources is the so-called off-shore assembly provisions of the United States, whereby imports of articles assembled from United States components are exempt from duty on the United States component content of the final goods, only the value added abroad being dutiable. During the period 1966-1972 United States imports of labour-intensive assembly products from developing countries grew at an annual rate of approximately 60 per cent. Since the GSP provides duty-free treatment on the entire product rather than on the assembly process only, the result could be a stronger import incentive, provided that the restrictions and origin requirements of the scheme are not too severe.

129. This chapter has attempted to analyse the United States scheme in a dynamic context. Obviously, it is difficult to quantify all elements and the results should, therefore, be considered illustrative and tentative in nature. At the same time, there is little doubt that positive incentives are created by the scheme. The price incentive effect alone was estimated to provide a once-for-all 25-30 per cent expansion in exports by developing countries to the United States of products covered by the scheme. The investment incentive, together with a reallocation of world production in accordance with the principle of comparative advantage, can only contribute to such trade expansion. Such incentives would be even more powerful if the restrictions on product coverage and preferential treatment under the scheme were less severe and if the elements of uncertainty were eliminated.

[71] Angola; Antigua; Bahrain; Benin; Bhutan; British Indian Ocean Territory; British Virgin Islands; Brunei; Cape Verde; Christmas Islands; Cocos Islands; Comoro Islands; Congo; Equatorial Guinea; Gilbert Islands; Guinea; Guinea Bissau; Heard Island; Lebanon; Maldive Islands; Mali; McDonald Islands; Nauru; Norfolk Island; Pitcairn Island; Portuguese Timor; Rwanda; Spanish Sahara; Saint Helena; Saint Vincent; Sao Tome and Principe; Senegal; Seychelles; British Solomon Islands; Somalia; Turks and Caicos Islands; Trust Territory of the Pacific Islands; Tuvalu; Wallis and Futuna Islands; Yemen Arab Republic.

[72] It should be noted that the preference schemes often exclude, or seriously restrict, preferential treatment on these traditional labour-intensive products. To the extent that such exclusions discourage developing country exports of such products, they run counter to one of the principal objectives of the GSP, namely, to increase the export earnings of the developing countries.

ANNEXES

ANNEX I

Beneficiaries of the United States scheme of generalized preferences as listed in Executive Order No. 11888 of 24 November 1975, amended by Executive Order No. 11934 of 30 August 1976 *

A. Independent countries

Afghanistan
Angola
Argentina
Bahamas
Bahrain
Bangladesh
Barbados
Benin
Bhutan
Bolivia
Botswana
Brazil
Burma
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Chile
Colombia
Congo (Brazzaville)
Costa Rica
Cyprus
Dominican Republic
Egypt
El Salvador
Equatorial Guinea
Ethiopia
Fiji
Gambia
Ghana
Grenada
Guatemala
Guinea
Guinea Bissau
Guyana
Haiti
Honduras
India
Israel
Ivory Coast
Jamaica
Jordan
Kenya
Korea, Republic of
Lebanon
Lesotho
Liberia
Malagasy Republic
Malawi
Malaysia
Maldive Islands
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Nauru
Nepal
Nicaragua
Niger
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Portugal
Republic of China
Romania
Rwanda
Sao Tome and Principe
Senegal
Sierra Leone
Singapore
Somalia
Sri Lanka
Sudan
Surinam
Swaziland
Syria
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Upper Volta
Uruguay
Western Samoa
Yemen Arab Republic
Yugoslavia
Zaire
Zambia

B. Non-independent countries and territories

Afars and Issas, French Territory of the
Antigua
Belize
Bermuda
British Indian Ocean Territory
British Solomon Islands
Brunei
Cayman Islands
Christmas Island (Australia)
Coco (Keeling) Islands
Comoro Islands
Cook Islands
Dominica
Falkland Islands (Malvinas) and Dependencies
French Polynesia
Gibraltar
Gilbert Islands
Heard Islands and McDonald Islands
Hong Kong
Macao
Montserrat
Netherlands Antilles
New Caledonia
New Hebrides Condominium
Niue
Norfolk Island
Pitcairn Island
Portuguese Timor
St. Christopher-Nevis-Anguilla
Saint Helena
Saint Lucia
Saint Vincent
Seychelles
Spanish Sahara
Tokelau Islands
Trust Territory of the Pacific Islands
Turks and Caicos Islands
Tuvalu
Virgin Islands, British
Wallis and Futuna Islands

* Quoted in documents TD/B/373/Add.5, appendix II, and Add.5/Amend.3.

ANNEX II

Members of the Group of 77 not beneficiaries of the United States scheme of generalized preferences as implemented on 30 August 1976

Algeria
Cuba
Democratic Yemen
Ecuador
Gabon
Indonesia
Iran
Iraq
Democratic Kampuchea
Kuwait
Lao People's Democratic Republic
Libyan Arab Republic
Nigeria
Qatar
Saudi Arabia
Uganda
United Arab Emirates
Venezuela
Socialist Republic of Viet Nam

Note. Other countries or territories beneficiaries of other GSP schemes, but not of the United States scheme are: Albania, Bulgaria, French Antarctic Territories, Greece, Mongolia, Muscat, Overseas Territories of New Zealand, Democratic People's Republic of Korea, Saint Pierre and Miquelon, and Spain.

ANNEX III

Dutiable manufactured and semi-manufactured products excluded by the Trade Act of 1974 from designation as eligible articles (TSUS numbers)

1. Textile and apparel articles which are subject to textile agreements

Textiles

300.60	301.01–303.20	305.02.18
306.54	306.62–.64	306.73–.74
306.83–.84	307.02–.64	308.60–.75
309.02–310.91	315.05–.60	315.80–.95
316.05–.40	316.60	319.21–332.40
335.55–.60	335.8040	335.9040
336.10–339.05	345.10–347.15	347.2520
347.33	347.40–.70	348.00–349.30
350.00–353.50	355.02	355.15–.18
355.25–.40	355.45–.50	355.60–360.30
360.40–.70	360.7522	360.7540
360.8022	360.8042	361.05–.50
361.54–364.05	364.1120	364.1220
364.1510	364.1520	364.20–.22
364.30	365.0010	365.0020
365.1040	365.1060	365.15–.82
365.8525	365.8530	365.8565
365.8570	366.03–367.65	

Wearing apparel

370.04–.16	370.2020	370.24–385.90
386.04–389.70	390.1220	390.30–.60

Schedule 7 items

700.75	702.0520	702.1010–.1020
702.54–.80	703.05–.15	703.90–.95
704.0520–.0575	704.1020–.1075	704.1520–.1575
704.20–.30	704.3535–.3545	704.4010–.4075
704.4510–.4575	704.5015–.5075	704.55–.70
704.85–.90	706.2005–.2015	706.22
706.2405.2415	727.8020–.8040	745.7420

2. Watches

715.05	717.––	720.40–720.75
715.15	718.––	720.84–720.90
715.40–715.68	719.––	721.05
716.08–716.36	720.20–720.30	

3. Import-sensitive electronic articles

TSUS numbers are not yet defined but will include selected items from 682.05–688.41.

4. Import-sensitive steel articles

Steel mill products: 608.15–610.52

642.02	642.35	642.90
642.91	642.96	642.97
644.25	646.26	690.25
690.30		

Fabricated structural shapes

609.84	609.86	652.94
652.95	652.96	

5. Footwear articles

Shoes

Footwear of leather, rubber, or with uppers of fibres except for zoris (rubber-thonged sandals), and ski boots valued at over $6.80 per pair.

700.05–700.27	700.29–700.53	700.55.23–700.55.75
700.60–700.80		

6. Import-sensitive semi-manufactured and manufactured glass products

TSUS numbers have not yet been defined but will include selected items from 540.11–548.05.

7. Articles subject to national security action under section 232 of the Trade Expansion Act of 1962

Petroleum products

403.06 Naphthalene which after the removal of all water present has a solidifying point of 79°C or above

429.52 Other (Isoprene not controlled if purity more than 95 per cent by weight or more) (not controlled if duty more than 1/lb. of hydrocarbons therein contained)

429.95 Other

430.00 Mixtures of two or more organic compounds

432.00 Mixtures not specially provided for

Crude petroleum (including reconstituted crude petroleum); topped crude petroleum; crude shale oil; and distillate and residual fuel oil (including blended fuel oils) derived from petroleum, shale, or both, with or without additives:

475.05 Testing under 25 degrees API

475.10 Testing degrees API or more

475.25 Motor fuel

475.30 Kerosene derived from petroleum, shale oil

475.35 Naphthas derived from petroleum, shale oil, natural gas, or combinations thereof (except motor fuel)

475.40 Mineral oil of medicinal grade derived from petroleum, shale oil, or both

475.45 Oils

475.65 Mixtures of hydrocarbons not specially provided for, derived wholly from petroleum, shale oil, natural gas, or combinations thereof, which contain by weight not over 50 per cent of any single hydrocarbon compound — in liquid form

494.30 Artificial mixtures of two or more of the foregoing waxes

8. ARTICLES SUBJECT TO ESCAPE-CLAUSE ACTION UNDER SECTION 351 OF THE TRADE EXPANSION ACT OF 1962

Escape-clause articles

Certain articles chiefly used for preparing, serving, or storing food or beverages, or food or beverage ingredients (as defined in items 923.01, 923.03, 923.05, 923.07, 923.11, 923.13, and 923.15).

ex 533.28	ex 533.35	ex 533.71
ex 533.31	ex 533.36	ex 533.73
ex 533.33	ex 533.38	ex 533.75

Ball bearings, radial, having an outside diameter of between 9 mm and 100 mm inclusive.

680.35 part (923.80, 923.82, 923.84)

ANNEX IV

Beneficiaries and TSUS items affected by competitive need exclusions effective 29 February 1976[a]

	Exclusion under 50 per cent criterion				Exclusion under $25 million criterion			
			1975 imports				1975 US imports	
Country or territory	*TSUS item*	*Description*	*Value (thousands of dollars)*	*Percentage of total imports of item from beneficiary*	*TSUS item*	*Description*	*Value (thousands of dollars)*	*Percentage of total imports of item from beneficiary*
ARGENTINA	110.45	Fish fresh, chilled or frozen, scaled, buld, or contrs weigh, n/o 15 lbs each	30	87	155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	46,065	2
	146.12	Apples, dried	264	78				
	420.78	Sodium borate, other than crude	2	74				
	465.70	Tallow, sulphonated	33	90				
	470.57	Mangrove, oak, quebracho, etc., nes	2,511	62				
BARBADOS	155.35	Sugars, syrups, etc., containing non-sugar solids ov 6 per cent	2,248	51				
	628.40	Hafnium wrought	16	100				
BERMUDA	461.15	Bay rum or bay water	111	96				
BRAZIL	107.45	Beef or veal, pokld. or cured valued over 30 cents per lb.	528	59	155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	99,680	5
	147.85	Guavas, prepared or preserved nspf	185	71				
	176.01[b]	Castor oil, valued not over 20 cents per pound	151	100				
	176.02[b]	Castor oil, valued over 20 cents per pound	15,626	90				
	240.12	Plywood, parana pine face no face fnsh or clear fnsh	1	100				
	425.74	Citric acid	217	50				
	437.51	Gluconic acid	25	95				
	437.64	Menthol	13,904	80				
	465.65	Coconut, palm-kernel and palm oils sulphonated or sulphated	1	79				
	730.27	Rifles, value over $10 not over $25 each	246	86				
	730.41	Shotguns, value over $10 not over $25 each	878	98				
	748.25	Cut natural flowers, dried, bleached, coloured, etc	1,131	52				

loured, etc.

CHILE	148.72	*Peaches, fresh or in brine imported 12/1 to fol 5/31 incl.*	744	95	612.03	Unwrought black copper, blister copper and anode copper	36,981	37
	419.60	Molybdenum compounds	180	90	612.06	Unwrought copper, nes.	29,807	17
COLOMBIA	421.06	Sodium hydrosulphite	50	76	155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	59,947	3
	644.08	Alum foil not backed or cut nov. 00035 in tk nov. 55C lb.	1	100				
	791.20	Patent leather cut or shaped for conversion into footwear	16	71				
COSTA RICA	137.75	Chayote, fresh, chilled or frozen	113	75	155.20 *	Sugar, syrup, molasses, principal crystalline or dry amorphous form	37,688	2
CYPRUS	473.36	Natural siennas ground	10	65				
	473.38	Natural umbers ground	43	63				
DOMINICAN REPUBLIC	136.00	Dasheens, fresh, chilled or frozen	3,232	94	155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	144,062	23
	136.98	Peas, fresh or chilled, entering 1 July to 20 Sept. incl.	87	98				
	141.55	Peas in brine packed in salt pckld or otherwise pres, exc dried	2,941	67				
	145.09	Coconut meat, except copra, nspf, otherwise prepared or presrv.	1,128	74				
	149.15	Plantains, prepared or preserved	447	87				
	149.50	Fruits, nes, fresh	84	68				
	152.43	Fruit pastes and pulps of cashew apple mamey colorado sapodilla, etc.	Est 75	97				
	153.02	Jellies, jams, etc. of cashew apple mamey colorado mango sapodilla, etc.	Est 4	54				
	514.11	Limestone, crude, not suitable for monument, paving or blg stone	594	90				
EL SALVADOR					155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	54,204	2
GUYANA					155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	42,994	2
HAITI	206.95	Mahogany household utensils and parts, nspf	23	70				
	734.56	Baseball equipment and parts, nes	13,768	87				
	748.12	Insignia of metallic thread etc. for US uniforms	21	57				

Beneficiaries and TSUS items affected by competitive need exclusions effective 29 February 1976[a]

Country or territory	Exclusion under 50 per cent criterion: TSUS item	Description	1975 imports: Value (thousands of dollars)	1975 imports: Percentage of total imports of item from beneficiary	Exclusion under $25 million criterion: TSUS item	Description	1975 US imports: Value (thousands of dollars)	1975 US imports: Percentage of total imports of item from beneficiary
HONDURAS	152.72	Banana and plantain, paste and pulp	793	69				
HONG KONG	131.35	Rice meal and flour, fit for human consumption	221	81	684.50	Elec storage water heater soil heaters, hair dryers etc. a parts	32,159	22
	222.10	Rattan, except whole, and webbing made therefrom	2,365	64	685.24	Radio receivers solid state other than designed for motor vehicles	101,445	27
	222.42	Baskets and bags, of rattan or of palm leaf	2,230	50	688.40	Electrical articles and elec part of articles nspf	28,853	27
	347.28	Wicking of vegetable fibres other than of cotton	3	60	737.95	Toys and parts of toys nspf exc likes or toys with a spring mechanism	54,517	52
	520.51	Precious stones and articles of such stones, nes.	29	64	774.60	Articles of rubber or plastic nspf	36,638	28
	545.37	Glass inner for vacuum flasks or vessels, over 4 pints.	4	66				
	646.86	Cabinet locks of base metal not cylinder nov 1.5 in width	162	69				
	646.88	Cabinet lock of base metal not cylinder over 2.5 in width	4	94				
	650.87	Scissors and shears and blades nes not over 50 cents per doz	80	96				
	651.01	Needle bocks and cases under $1.25 per doz	77	71				
	653.70	Platinum-plated household and sanitary articles and wares	less than $500	100				
	660.80	Spring-operated and weight operated motors	111	55				
	672.10	Sewing machines valued not over $10 each	1,203	67				
	683.70	Flashlights and parts	1,661	60				
	683.80	Portable elect lamps and parts, except flashlights	1,535	89				
	702.14	Headwear not knit of flax or of both cotton and flax	62	71				

	702.20	Caps veg-fib ex paper yarn cot or flax	76	66				
	706.40	Handbags or pocketbooks, of beads etc. or imitation gems	1,890	82				
	708.41	Lorgnettes	8	55				
	722.12	Photographic cameras, fixed focus	36	51				
	734.25	Playing cards	1,547	74				
	734.30	Table tennis equipment except tables, in sets	319	80				
	734.34	Table tennis equipment, except tables, and parts of nes	811	53				
	737.40	Toy animals etc. nspf, not having a spring mechanism	8,651	57				
	737.50	Toy animals etc. nspf, having a spring mechanism	99	60				
	737.95	Toys and parts of toys nspf exc kites or toys with a spring mechanism	Est. 54,517	52				
	740.30	Jewellery etc. and parts nspf not over $20 per dozen pieces	3,101	71				
	741.20	Beads, ivory not strung and not set	94	51				
	745.08	Buttons, metal nspf, not over $20 per dozen	140	91				
	750.05	Combs, not over $4.50 per gross	50	88				
	750.25	Hair curling devices, non thermic and non ornamental	936	53				
	715.15	Umbrella handles etc. of wood not over $2.50 per dozen	30	58				
	772.03	Dispensers, salt, pepper, mustard etc. rubber or plastic	845	80				
	772.97	Religious articles of rubber or plastic nspf	6,327	55				
	773.10	Plaques and figurines of rubber or plastic	2,107	54				
	790.07	Wigs, toupees, chignons, and similar articles	18	72				
	792.60	Articles of ivory nspf	1,504	61				
	792.75	Articles of hair nspf	310	71				
INDIA	121.52	Goat skins, vegetable tanned in the rough	313	96	155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	54,028	2
	121.54	Sheepskins, vegetable tanned in the rough	437	67				
	147.92	Mangoes, prepared or preserved	Est. 182	52				
	152.58	Mango paste and pulp	75	54				
	162.11	Thyme, manufactured	5	66				
	304.58	Other vegetable fibres processed but not spun nes	6	100				

Beneficiaries and TSUS items affected by competitive need exclusions effective 29 February 1976[a]

Country or territory	TSUS item	Description	Exclusion under 50 per cent criterion: 1975 imports: Value (thousands of dollars)	Exclusion under 50 per cent criterion: 1975 imports: Percentage of total imports of item from beneficiary	Exclusion under $25 million criterion: TSUS item	Description	1975 US imports: Value (thousands of dollars)	1975 US imports: Percentage of total imports of item from beneficiary
INDIA (*continued*)	305.20	Jute yarns a roving single und 720 yds a lb	383	73				
	305.22	Jute yarns and roving singles 720 yds or over a lb	601	68				
	305.28	Yute yarn and roving plied under 720 yds a lb	1,435	92				
	319.01	Hand loom fabrics wholly cotton number 14 or coarser	196	83				
	319.03	Hand loom fabrics wholly cotton number 15-34	536	97				
	319.05	Hand loom fabrics wholly cotton number 35-49	174	99				
	319.07	Hand loom fabrics wholly cotton number 50-59	68	85				
	335.50	Woven fabrics jute bleached coloured or flame resistant	428	89				
	347.30	Narrow fabrics of jute webbing	740	84				
	360.35	Coir floor coverings pile not hand inserted or knotted	464	83				
	437.16	Strychnine and its salts	431	82				
	460.60	Musk, grained or in pods containing not over 10 per cent alcohol	153	57				
	472.44	Siennas, washed not ground	less than $500	100				
	516.24	Mica waste and scrap, except phlogopite, value n/o 5cts per lb	298	83				
	516.71	Mica cut or stamped to dimen not over 006 inches thick	319	91				
	516.73	Mica fuse discs split, over 006 inches thick, n/perfortd etc.	31	95				
	516.74	Mica, cut or stamped ov 006 inch, not perforated, etc nes	less than $500	100				
	516.76	Mica, cut or stamped and perforated or indented, over 006 in	75	78				

	516.94	Mica articles, nspf	196	74				
	610.56	Cast iron pipes and tubes other than alloy cast iron	206	57				
	774.20	Articles of shellac or copal nspf	60	78				
ISRAEL	166.30	Vegetable juices including mixed under 1/2 pct alcohol	62	58				
	420.24	Potassium nitrate	147	74				
	426.78	Potassium citrate	190	100				
	613.18	Pipe and tube fittings of copper alloy nes	1,775	64				
	620.26	Wrought nickel angles shapes and sections	53	65				
	713.05	Meters, valued not over $10 each	239	94				
JAMAICA	147.33	Citrus fruit nspf, fresh	97	100	155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	34,266	1
KOREA, REPUBLIC OF	148.77	Peaches, white fleshed, prepared or preserved, nspf	39	90	790.70	Wigs, toupees, chignons and similar articles	43,826	89
	240.10	Plywood, Spanish cedar face, no face finsh, o cl fce finish	112	91	791.75	Wearing apparel nspf, of leather except reptile	29,737	19
	256.60	Albms, autogph, photo etc and albums for phonograph records	5,814	60				
	603.45	Materials chief value tungsten	152	54				
	702.08	Other headwear knit of flax or both cotton and flax	9	68				
	734.54	Baseball and softball gloves and mitts	9,825	61				
	773.20	Brush bristles, specifically defined, rubber or plastic nes	17	100				
	790.70	Wigs, toupees, chignons and similar articles	43,826	89				
	791.76	Wearing apparel nspf, of reptile leather	41	58				
MADAGASCAR	517.24	Graphite, natural, flake, valued over 5.5 cents lb	908	81				
MALAYSIA	176.33	Palm kernel oil, edible	21,021	54				
	687.30	Electric luminescent lamps	5,160	51				
MEXICO	130.40	Grain sorghum	83	97	660.44	Piston-type int combustion eng other than compression-ignitione e	31,756	30
	130.63	Seed wheat	2,711	99	676.20	Calculating machines for multiplying and dividing	48,051	16
	132.55	Starches, nspf	360	56	676.52	Office machine parts nes	29,974	10

ANNEX IV *(continued)*

Beneficiaries and TSUS items affected by competitive need exclusions effective 29 February 1976[a]

Country or territory	Exclusion under 50 per cent criterion: TSUS item	Description	1975 imports: Value (thousands of dollars)	Percentage of total imports of item from beneficiary	Exclusion under $25 million criterion: TSUS item	Description	1975 US imports: Value (thousands of dollars)	Percentage of total imports of item from beneficiary
MEXICO *(continued)*	135.90	Cucumbers, frsh, chld, frz. entrd dect to last day Feb.	3,899	96	685.90	Switchboards panels, etc for makg con-nectg o brdg crcuit	49,899	20
	135.94	Cucumbers, fresh, chilled or froz entrd 1 July 31 Aug. incl.	39	62	692.27	Motor vehicle body pts other than cast iron	67,881	12
	136.80	Okra, fresh, chilled, or frozen	355	75				
	138.05	Broccoli, cauliflower, okra fresh, chilled, frzn, and cut, sliced etc.	Est. 3,300	96				
	145.24	Pignolia nuts, not shelled	177	54				
	147.80	Guavas fresh, dried pickled or in brine	1	100				
	161.83	Pepper, capsicum or cayenne or red un-ground, nspf	2,364	55				
	166.40	Beverages, nspf, under 1/2 per cent alco-hol	1,130	59				
	168.50	Spirits, for beverages nspf	12,984	91				
	92.85	Straw and other fibrous vegetl substances processed nes	2,431	75				
	202.62	Wood moldings, standard, pine not drill-ed or treated	12,064	99				
	206.60	Wood frames, picture and mirror	11,823	69				
	251.30	Test or container boards, bursting strength over 60 lb	30	66				
	256.85	Articles, nspf, of papers, coated, lined, parchment etc.	14,221	94				
	422.76	Zinc sulfate	1,062	99				
	455.16	Gelatin, edible under 40 cents per pound	16	100				
	455.30	Vegetable glue valued under 40 cents per pound	67	100				
	473.52	Litharge	4,426	99				
	473.56	Red lead	180	99				
	511.31	Concrete floor and wall tiles	1,633	93				
	511.41	Concrete tiles except floor and wall incl. roofing tiles	12	52				

512.31	Gypsum cement not over $40 per ton	less than $500	100
512.44	Plaster of Paris articles ex statues, statuettes a bas-relief	963	90
514.54	Onyx, in block, rough or squared only	57	79
515.51	Stone, suit for monument, pav. bldg. stone, unhewn, unsawed, etc.	8	68
518.41	Pipes, tubes a fittings, in part asbestos a hydraul cement	1,004	86
523.61	Pumice articles, nes	58	92
535.31	Sanitary ware inc plumbing fixtures etc. of ceramic ware	1,683	56
540.47	Glass bricks blocks, slabs squares, etc. used in bldg.	48	88
545.53	Glass globes and shades	4,125	61
545.65	Glass chimneys	1,230	83
547.51	Glass ampoules	306	55
612.15	Phosphor copper	151	85
612.41	Cupro-nickel sheets, plates and strip not shaped, nes	1,418	100
612.45	Plates a strips copper alloy nes not cut etc. nonrect shape	202	72
613.15	Copper, nickel-silver and cupro-nickel pipe fittings	25	50
624.02	Unwrought lead bullion	145	79
624.34	Lead bars rods angles etc. wrought nes Nov. 13-1/3 cents lb	4	100
624.42	Lead powder and flakes over 13-1/3 cents per lb	8	100
646.98	Harness etc. hardware coated or plated with precious metl	638	98
652.84	Springs and leaves for springs for motor vehicle suspension	11,386	56
688.12	Ignition wiring sets and wiring sets for trasnportation equip.	8,287	55
702.35	Headwear palm leaf or pandan not cap not sew blk trm nov $ dz	230	52
702.45	Headwear, exc caps, of veg fiber bleached/coloured n sewed etc.	403	96
703.65	Headwear of leather	495	88
703.75	Other headwear nes	1,453	50
710.30	Automatic pilots and parts thereof	664	63

ANNEX IV (*continued*)

Beneficiaries and TSUS items affected by competitive need exclusions effective 29 February 1976[a]

	Exclusion under 50 per cent criterion				Exclusion under $25 million criterion			
			1975 imports				1975 US imports	
Country or territory	TSUS item	Description	Value (thousands of dollars)	Percentage of total imports of item from beneficiary	TSUS item	Description	Value (thousands of dollars)	Percentage of total imports of item from beneficiary
MEXICO (*continued*)	713.19	Parts for stroboscopes	660	97				
	726.70	Woodwind instrument parts nes	NA	NA				
	791.25	Leather nspf cut or shaped, for conversion into footwear	5,529	55				
	791.35	Leather welting	7	94				
NETHERLANDS ANTILLES	425.84	Naphthenic acids	405	91				
NICARAGUA	135.80	Cowpeas, blackeye, fresh, chilled or frozen	17	100	155.20	Sugar, syrup, molasses, principally crystalline or dry amorphous form	29,898	1
	668.32	Print rollers with raised patrns of brass of felt a brass	less than $500					
PAKISTAN	709.21	Dental hypodermic needle	1	100				
PANAMA					155.20	Sugar, syrup, molasses, principally crystalline or dry amorphous form	52,171	1
PERU	168.23	Pisco and singani in contrs n/o 1 gal. valued over $9 per gal.	Est. 52	100	155.20	Sugar, syrup, molasses, principally crystalline or dry amorphous form	92,156	4
	306.53	Alpaca llama a vicuna hair scoured	1	100	612.03	Unwrought black, copper, blister copper, and anode copper	28,696	28
	612.02	Unwrought cement copper and copper precipitates	1,163					
PHILIPPINES	146.44	Bananas, not fresh or dried, otherwise prep or preserved	492	67	155.20	Sugar, syrup, molasses, principally crystalline or dry amorphous form	218,599	11
	206.45	Mahogany forks and spoons	21	71				
	240.02	Veneers, birch and maple, not reinforced or backed	5,932	77				
	240.38	Wood veneer panels, 2 faces other wood nes, clear finished or not finished	1,268	91				
	240.40	Wood veneer panels, both sides face fnshd except clear	141	60				
	305.40	Yarns and roving of other vegetable fibres nes	1,466	62				
	741.30	Beads, bugles and spangles nes not strung	16,626	61				

		and not set						
	792.50	Articles of shell nspf	6,400	80				
ROMANIA	175.51	Sunflower seed	1,317	72				
	420.84	Sodium carbonate calcined or soda ash	187	54				
SINGAPORE	203.20	Compressed wood tool handles incl. for cutlery and brooms, mops brushes etc.	5	56	685.24	Radio receivers solid state other than designed for motor vehicles	36,776	9
SOMALIA	522.71	Meerschaum, crude	19	94				
OTHER ASIA	136.99	Peas, frozen, entering July 1 to September 30, inclusive	259	79	155.20	Sugar, syrup, molasses, principally crystalline or dry amorphous form	101,571	5
	141.70	Waterchestnuts, in salt, pickled or otherwise preserved	2,924	93	685.24	Radio receivers solid state other than designed for motor vehicles	38,385	
	145.60	Nuts nspf, prepared or preserved other than shelled or blanched	429	76				
	154.40	Ginger root, candied, crystallized	147	59				
	186.40	Hair, curled, suitable for use in mattresses o paddings	18	55				
	222.32	Woven material of chip for blinds, shutters, curtains, etc.	14	52				
	304.48	Sisal and henequen fibers processed but not spun	5	83				
	364.18	Tapestries nes' nt jacquard-figured vegetable fib exc cotton or folk prod	246	88				
	460.70	Safrol, containing not over 10 per cent alcohol	20	62				
	493.21	Natural camphor advanced	507	99				
	534.74	Earthenware, fine-grnd, etc. smokers, etc. art. nes nov $1.50 doz	23	67				
	546.23	Glassware nes, metal flecks embedded, etc., not over $1 each	6	56				
	648.57	Hoes and rakes and parts nes	50	52				
	653.85	Case articles coated, of iron or steel, not enamelled	2,342	80				
	686.30	Christmas tree lamps electric filament	685	56				
	688.10	Christmas tree lighting sets w or wo bulbs a sim wiring sets	8,102	7				
	704.34	Lace or net gloves other fiber nes and other gloves ornamented nes	39	52				
	710.68	Folding rules and parts thereof, of wood	33	72				
	711.30	Hydrometers and similar floating instruments	221	63				

ANNEX IV (*concluded*)

Beneficiaries and TSUS items affected by competitive need exclusions effective 29 February 1976[a]

Country or territory	*Exclusion under 50 per cent criterion* TSUS item	Description	*1975 imports* Value (thousands of dollars)	Percentage of total imports of item from beneficiary	*Exclusion under $25 million criterion* TSUS item	Description	*1975 US imports* Value (thousands of dollars)	Percentage of total imports of item from beneficiary
OTHER ASIA (*continued*)	734.10	Bagatelle, billiard and pool equipment nes except tables	4,371	83				
	734.51	Other badminton equipment and parts nes	Est. 3,285	81				
	734.60	Croquet equipment and parts thereof	28	70				
	748.40	Feathers and ornamental articles of feathers nes	5,071	54				
	750.35	Feather dusters	298	76				
	751.05	Umbrellas and parasols	12,084	70				
	751.20	Metal parts of umbrellas, canes seat stick, whip, riding crop etc.	94	52				
	760.65	Billiard chalk and tailors chalk	39	82				
	772.35	House furnishings, curtains covers etc. of rubber or plastic	9,265	62				
	790.39	Pneumatic mattresses and other inflatable articles nspf	9,773	68				
THAILAND	140.09	Mung beans, dried, entry for consumption May 1 - Aug. 31, incl.	681	88	155.20	Sugar, syrup, molasses, principal crystalline or dry amorphous form	45,013	2
	140.14	Mung beans, dried, etc. ent for con 9/1-4/30 wthdrn anytim	773	70				
	202.60	Hardwood flooring, except in strips and planks	793	61				
	304.40	Kapok fibres processed	17	54				
	308.80	Chenille yarns of silk	less than $500	100				
	520.35	Rubies and sapphires, cut not set, suitable for jewellery	12,297	64				
TRINIDAD AND TOBAGO	168.15	Bitters, containing spirits, unfit for beverage use	578	88				
TURKEY	141.35	Chickpeas or garbanzos, prepared or preserved exc dried	84	66				

		preserved exc dried		
	145.53	Pistache nuts shlld, blnchd or otherwise prep or pres	727	70
	416.10	Boric acid	34	56
YUGOSLAVIA	713.07	Meters, electricity supply etc. over $10 not over $15	21	82
	730.77	Shotgun rifle combination parts nes	12	74
	740.70	Chains etc of precious metals, for use in jewellery	826	58

Source: TD/B/373/ADD.5/Amend.1 and estimates by the UNCTAD secretariat.

[a] Effective 1 October 1976, when Portugal became a beneficiary of the scheme, the following TSUS items from Portugal were excluded by the competitive need criteria:

145.52 Pignolia nuts, shlld, blnch or othwise prep or pres.
146.66 Berries, dried, except barberries.
153.28 Quince jelly, jam, etc.
176.15 Castor oil, valued over 20 per pound, other.
220.10 Cork, granulated or ground, n/o 6 lb/cu ft uncompressed, exc regranulated.
220.20 Cork, natural a comp, unmfrtd cut, or molded in blocks, etc.
220.25 Vulcanized sheets and slabs, of ground or pulvrzd cork-rubbr.
220.35 Tapered cork stoppers, disks, wafers, etc., hollow or perfratd.
220.37 Other tapered disks, not hollow or perforated, maximum diameter not over 0.75 inches.
220.41 Other tapered disks, not hollow or perforated, maximum diameter over 0.75 inches.
220.48 Other disks not specified elsewhere.

[b] No longer excluded, effective 1 October 1976. (See TD/B/373/Add.5/Amend.3.)

United States imports in 1974 from designated beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Covered by scheme (4)	Excluded by competitive need criteria: $25 million criterion (5)	Excluded by competitive need criteria: 50 per cent criterion (6)	Effective coverage of scheme (7)	Percentage shares (4)/(3) (8)	Percentage shares (7)/(3) (9)
Afghanistan								
01-24	1 443.8	93.7	5.0	—	—	5.0	5.34	5.34
25-99	2 656.7	1 478.6	175.7	—	—	175.7	11.88	11.88
01-99	4 100.5	1 572.3	180.7	—	—	180.7	11.49	11.49
Angola								
01-24	169 205.0	1 608.4	19.0	—	—	19.0	1.18	1.18
25-99	208 963.9	205 422.0	6.0	—	—	6.0	—	—
01-99	378 168.9	207 030.4	25.0	—	—	25.0	0.01	0.01
Argentina								
01-24	212 391.4	186 611.9	156 233.5	—	1 477.2	154 756.3	83.72	82.92
25-99	159 572.4	137 845.7	34 588.3	—	2 795.3	31 793.0	25.09	23.06
01-99	371 963.8	324 457.6	190 821.8	—	4 272.5	186 549.3	58.81	51.49
Bahamas								
01-24	21 725.5	1 922.3	1 138.0	—	—	1 138.0	59.20	59.20
25-99	914 624.4	887 620.3	13 570.8	—	—	13 570.8	1.53	1.53
01-99	936 349.9	889 542.6	14 708.8	—	—	14 708.8	1.65	1.65
Bahrain								
01-24	3 335.7	54.7	—	—	—	—	—	—
25-99	55 527.2	55 527.2	3.9	—	—	3.9	0.01	0.01
01-99	58 862.9	55 581.9	3.9	—	—	3.9	0.01	0.01
Bangladesh								
01-24	4 808.5	296.0	271.7	—	—	271.7	91.79	91.79
25-99	63 391.3	948.4	557.3	—	—	557.3	58.76	58.76
01-99	68 199.8	1 244.4	829.0	—	—	829.0	66.62	66.62
Barbados								
01-24	19 485.3	16 189.9	16 043.5	—	—	16 043.5	99.10	99.10
25-99	12 442.5	12 364.5	5 832.5	—	—	5 832.5	47.17	47.17
01-99	31 927.8	28 554.4	21 876.0	—	—	21 876.0	76.61	76.61
Belize								
01-24	25 329.3	23 509.9	23 238.6	—	—	23 238.6	98.85	98.85
25-99	4 867.9	4 586.1	103.8	—	—	103.8	2.26	2.26
01-99	30 197.2	28 096.0	23 342.4	—	—	23 342.4	83.08	83.08
Benin								
01-24	1 409.7	1 164.1	1 136.3	—	—	1 136.3	97.61	97.61
25-99	1 280.3	30.0	23.8	—	—	23.8	79.33	79.33
01-99	2 690.0	1 194.1	1 160.1	—	—	1 160.1	97.15	97.15
Bermuda								
01-24	1 736.4	291.7	1.6	—	—	1.6	0.55	0.55
25-99	425.5	284.1	281.4	—	52.8	228.6	99.05	80.46
01-99	2 161.9	575.8	283.0	—	52.8	230.2	49.15	39.98
Bolivia								
01-24	4 140.3	2 011.3	1 909.4	—	—	1 909.4	94.93	94.93
25-99	97 019.0	44 772.2	214.2	—	—	214.2	0.48	0.48
01-99	101 159.3	46 783.5	2 123.6	—	—	2 123.6	4.54	4.54
Botswana								
01-24	84.3	75.5	0.5	—	—	0.5	0.66	0.66
25-99	3 034.6	3 030.1	3 029.4	—	—	3 029.4	99.98	99.98
01-99	3 118.9	3 105.6	3 029.9	—	—	3 029.9	97.56	97.56
Brazil								
01-24	1 083 134.7	578 964.7	519 895.7	401 268.0	2 667.1	115 960.6	89.79	20.03
25-99	588 052.3	422 564.0	144 339.7	—	24 670.3	119 669.4	34.16	28.32
01-99	1 671 187.0	1 001 528.7	664 235.4	401 268.0	27 337.4	235 630.0	66.32	23.53

United States imports in 1974 from designated beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Covered by scheme (4)	Excluded by competitive need criteria: $25 million criterion (5)	Excluded by competitive need criteria: 50 per cent criterion (6)	Effective coverage of scheme (7)	Percentage shares (4)/(3) (8)	Percentage shares (7)/(3) (9)
Burma								
01-24	133.5	36.8	26.3	—	—	26.3	71.47	71.47
25-99	1 550.2	961.5	363.5	—	—	363.5	37.81	37.81
01-99	1 683.7	998.3	389.8	—	—	389.8	39.05	39.05
Burundi								
01-24	6 687.6	10.2	—	—	—	—	—	—
25-99	493.7	470.6	—	—	—	—	—	—
01-99	7 181.3	480.8	—	—	—	—	—	—
Cameroon								
01-24	22 863.6	3 720.2	782.0	—	—	782.0	21.02	21.02
25-99	760.2	335.5	313.1	—	—	313.1	93.32	93.32
01-99	23 623.8	4 055.7	1 095.1	—	—	1 095.1	27.00	27.00
Central African Republic								
01-24	2.6	—	—	—	—	—	—	—
25-99	7 260.8	27.1	27.1	—	—	27.1	100.00	100.00
01-99	7 263.4	27.1	27.1	—	—	27.1	100.00	100.00
Chad								
01-24	124.1	—	—	—	—	—	—	—
25-99	27.4	—	—	—	—	—	—	—
01-99	151.5	—	—	—	—	—	—	—
Chile								
01-24	22 475.8	9 908.3	6 664.0	—	643.3	6 020.7	67.26	60.76
25-99	277 780.4	250 053.3	244 871.5	242 470.8	—	2 400.7	97.93	0.96
01-99	300 256.2	259 961.6	251 535.5	242 470.8	643.3	8 421.4	96.76	3.24
Colombia								
01-24	383 310.0	69 976.2	48 089.7	—	—	48 089.7	68.72	68.72
25-99	127 743.0	91 857.2	15 475.2	—	—	15 475.2	16.85	16.85
01-99	511 053.0	161 833.4	63 564.9	—	—	63 564.9	39.28	39.28
Commonwealth Oceania								
01-24	9 113.4	—	—	—	—	—	—	—
25-99	119.6	12.5	12.5	—	—	12.5	100.00	100.00
01-99	9 233.0	12.5	12.5	—	—	12.5	100.00	100.00
Comoro Islands								
01-24	1 157.6	—	—	—	—	—	—	—
25-99	2 466.1	70.4	70.4	—	—	70.4	100.00	100.00
01-99	3 623.7	70.4	70.4	—	—	70.4	100.00	100.00
Congo (Brazzaville)								
01-24	198.7	15.2	15.2	—	—	15.2	100.00	100.00
25-99	1 977.2	1 125.7	1 125.7	—	—	1 125.7	100.00	100.00
01-99	2 175.9	1 140.9	1 140.9	—	—	1 140.9	100.00	100.00
Costa Rica								
01-24	154 318.6	75 330.0	36 035.4	—	88.3	35 947.1	47.84	47.72
25-99	15 105.4	13 968.5	1 955.1	—	—	1 955.1	14.00	14.00
01-99	169 424.0	89 298.5	37 990.5	—	88.3	37 902.2	42.54	42.44
Cyprus								
01-24	600.4	372.8	36.4	—	—	36.4	9.76	9.76
25-99	820.0	403.7	258.4	—	3.4	255.0	64.01	63.17
01-99	1 420.4	776.5	294.8	—	3.4	291.4	37.97	37.53
Dominican Republic								
01-24	380 095.2	294 945.9	269 901.3	244 671.1	6 304.9	18 925.3	91.51	6.42
25-99	90 326.6	14 933.1	6 018.5	—	—	6 018.5	40.30	40.30
01-99	470 421.8	309 879.0	275 919.8	244 671.1	6 304.9	24 943.8	89.04	8.05

United States imports in 1974 from designated beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Covered by scheme (4)	Excluded by competitive need criteria: $25 million criterion (5)	Excluded by competitive need criteria: 50 per cent criterion (6)	Effective coverage of scheme (7)	Percentage shares: (4)/(3) (8)	Percentage shares: (7)/(3) (9)
Egypt								
01-24	2 131.8	377.1	57.8	—	—	57.8	15.33	15.33
25-99	66 944.2	64 119.1	1 415.1	—	—	1 415.1	2.21	2.21
01-99	69 076.0	64 496.2	1 472.9	—	—	1 472.9	2.28	2.28
El Salvador								
01-24	133 511.8	31 374.4	21 213.8	—	—	21 213.8	67.61	67.61
25-99	27 115.6	26 885.8	9 703.0	—	—	9 703.0	36.09	36.09
01-99	160 627.4	58 260.2	30 916.8	—	—	30 916.8	53.07	53.07
Equatorial Guinea								
01-24	—	—	—	—	—	—	—	—
25-99	25.3	—	—	—	—	—	—	—
01-99	25.3	—	—	—	—	—	—	—
Ethiopia								
01-24	60 234.8	12 322.4	12 217.6	—	—	12 217.6	99.15	99.15
25-99	2 764.7	723.8	648.1	—	—	648.1	89.54	89.54
01-99	62 999.5	13 046.2	12 865.7	—	—	12 865.7	98.62	98.62
Falkland Islands (Malvinas) and Dependencies								
01-24	2.9	2.9	2.9	—	—	2.9	100.00	100.00
25-99	157.5	7.5	7.5	—	—	7.5	100.00	100.00
01-99	160.4	10.4	10.4	—	—	10.4	100.00	100.00
French Oceania								
01-24	3 815.3	20.1	3.2	—	—	3.2	15.92	15.92
25-99	37 028.7	145.2	99.3	—	—	99.3	68.39	68.39
01-99	40 844.0	165.3	102.5	—	—	102.5	62.01	62.01
French Territory of the Afars and Issas								
01-24	130.8	1.9	—	—	—	—	—	—
25-99	35.8	0.7	0.3	—	—	0.3	42.86	42.86
01-99	166.6	2.6	0.3	—	—	0.3	11.54	11.54
Gambia								
01-24	1.0	—	—	—	—	—	—	—
25-99	62.9	56.3	—	—	—	—	—	—
01-99	63.9	56.3	—	—	—	—	—	—
Ghana								
01-24	70 753.6	2 423.5	1 977.9	—	—	1 977.9	81.61	81.61
25-99	54 663.1	51 400.8	128.7	—	—	128.7	0.25	0.25
01-99	125 416.7	53 824.3	2 106.6	—	—	2 106.6	3.91	3.91
Gibraltar								
01-24	166.1	20.5	—	—	—	—	—	—
25-99	487.3	469.7	313.7	—	—	313.7	66.79	66.79
01-99	653.4	490.2	313.7	—	—	313.7	63.99	63.99
Guatemala								
01-24	198 254.0	71 280.7	47 708.8	—	—	47 708.8	66 94	66 94
25-99	11 389.0	6 460.7	2 886.8	—	—	2 886.8	44 68	44 68
01-99	209 643.0	77 741.4	50 595.6	—	—	50 595.6	65.09	65.09
Guinea								
01-24	2 009.3	7.8	—	—	—	—	—	—
25-99	11 772.3	40.8	—	—	—	—	—	—
01-99	13 781.6	48.6	—	—	—	—	—	—

United States imports in 1974 from designated beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters	Total imports	Dutiable imports	Covered by scheme	Excluded by competitive need criteria		Effective coverage of scheme	Percentage shares	
				$25 million criterion	50 per cent criterion		(4)/(3)	(7)/(3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Guyana								
01-24	56 880.9	43 382.4	43 200.8	—	—	43 200.8	99.58	99.58
25-99	26 211.1	1 446.3	28.4	—	—	28.4	1.96	1.96
01-99	83 092.0	44 828.7	43 229.2	—	—	43 229.2	96.43	96.43
Haiti								
01-24	24 445.4	9 933.1	7 640.2	—	—	7 640.2	76.92	76.92
25-99	87 750.8	65 923.2	29 673.0	—	12 462.0	17 211.0	45.01	26.11
01-99	112 196.2	75 856.3	37 313.2	—	12 462.0	24 851.2	49.19	32.76
Honduras								
01-24	114 597.5	34 509.6	8 914.5	—	732.7	8 181.8	25.83	23.71
25-99	18 504.7	13 414.8	9 401.5	—	—	9 401.5	70.08	70.08
01-99	133 102.2	47 924.4	18 316.0	—	732.7	17 583.3	38.22	36.69
Hong Kong								
01-24	109 632.8	43 307.8	7 738.7	—	207.7	7 531.0	17.87	15.39
25-99	1 501.693.9	1 485 943.6	648 536.8	289.184.1	53 394.1	305 958.6	43.64	20.59
01-99	1 611 326.7	1 529 251.4	656 275.5	289 184.1	53 601.8	313 489.6	42.91	20.50
India								
01-24	176 369.5	50 771.9	47 247.1	—	5 306.3	41 940.8	93.06	82.61
25-99	376 991.0	214 606.7	46 885.0	—	8 368.1	38 516.9	21.85	17.95
01-99	553 360.5	265 378.6	94 132.1	—	13 674.4	80 457.7	35.47	30.32
Israel								
01-24	21 219.7	11 101.0	3 275.9	—	151.3	3 124.6	29.51	28.15
25-99	257 818.1	229 952.9	58 943.1	—	1 569.4	57 273.7	25.59	24.91
01-99	279 037.8	241 053.9	62 119.0	—	1 720.7	60 398.3	25.77	25.06
Ivory Coast								
01-24	88 643.4	8 310.8	8 074.2	—	—	8 074.2	97.15	97.15
25-99	6 389.1	889.2	704.4	—	—	704.4	79.22	79.22
01-99	95 032.5	9 200.0	8 778.6	—	—	8 778.6	95.42	95.42
Jamaica								
01-24	56 431.1	48 954.6	42 054.4	—	104.1	41 950.3	85.90	85.90
25-99	176 130.8	18 624.6	3 173.2	—	9.7	3 163.5	17.04	16.99
01-99	232 561.9	67 579.2	45 227.6	—	113.8	45 113.8	66.93	66.76
Jordan								
01-24	114.1	2.8	—	—	—	—	—	—
25-99	68.4	23.4	1.9	—	—	1.9	8.12	8.12
01-99	182.5	26.2	1.9	—	—	1.9	7.25	7.25
Kenya								
01-24	31 217.4	2 993.6	2 542.7	—	—	2 542.7	84.94	84.94
25-99	5 240.4	3 536.7	3 457.6	—	—	3 457.6	97.76	97.76
01-99	36 457.8	6 530.3	6 000.3	—	—	6 000.3	91.88	91.88
Korea, Republic of								
01-24	59 248.3	27 991.3	2 926.6	—	16.3	2 910.3	10.46	10.40
25-99	1 364 184.2	1 355 407.2	280 810.2	51 162.5	496.6	229 151.1	20.76	16.91
01-99	1 423 432.5	1 383 398.5	283 736.8	51 162.5	512.9	232 061.4	20.55	16.77
Lebanon								
01-24	13 280.1	8 605.0	104.2	—	—	104.2	1.21	1.21
25-99	16 051.4	13 695.2	2 381.9	—	—	2 381.9	17.39	17.39
01-99	29 331.5	22 300.2	2 486.1	—	—	2 486.1	11.15	11.15
Leeward and Windward Islands								
01-24	2 500.0	1 072.5	975.6	—	—	975.6	90.97	90.97
25-99	24 863.0	24 688.0	707.0	—	—	707.0	2.86	2.86
01-99	27 363.0	25 760.5	1 682.6	—	—	1 682.6	6.53	6.53

United States imports in 1974 from designated beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Covered by scheme (4)	Excluded by competitive need criteria: $25 million criterion (5)	Excluded by competitive need criteria: 50 per cent criterion (6)	Effective coverage of scheme (7)	Percentage shares (4)/(3) (8)	Percentage shares (7)/(3) (9)
Lesotho								
01-24	—	—	—	—	—	—	—	—
25-99	40.3	37.3	—	—	—	—	—	—
01-99	40.3	37.3	—	—	—	—	—	—
Liberia								
01-24	7 774.0	3 222.0	3 175.0	—	—	3 175.0	98.54	98.54
25-99	89 434.2	3 024.0	1 004.0	—	—	1 004.0	33.20	33.20
01-99	97 208.2	6 246.0	4 179.0	—	—	4 179.0	66.91	66.91
Macao								
01-24	26.2	22.6	5.1	—	—	5.1	22.57	22.57
25-99	12 359.2	12 351.2	854.2	—	—	854.2	6.92	6.92
01-99	12 385.4	12 373.8	859.3	—	—	859.3	6.94	6.94
Madagascar								
01-24	54 474.4	6 701.4	6 676.9	—	—	6 676.9	99.63	99.63
25-99	5 444.7	671.8	6671.8	—	593.7	88.1	100.00	13.11
01-99	59 919.1	7 373.2	7 348.7	—	583.7	6 765.0	99.67	91.75
Malawi								
01-24	10 159.6	7 480.7	6 396.5	—	—	6 396.5	85.51	85.51
25-99	103.8	3.3	3.3	—	—	3.3	100.00	100.00
01-99	10 263.4	7 484.0	6 399.8	—	—	6 399.8	85.51	85.51
Malaysia								
01-24	114 323.8	28 728.0	21 001.0	—	—	21 001.0	73.10	73.10
25-99	647 437.9	267 391.2	51 167.9	—	451.9	50 716.0	19.14	18.97
01-99	761 761.7	296 119.2	72 168.9	—	451.9	71 717.0	24.37	24.22
Mali								
01-24	53.8	10.7	—	—	—	—	—	—
25-99	129.8	81.2	78.0	—	—	78.0	96.06	96.06
01-99	183.6	91.9	78.0	—	—	78.0	84.87	84.87
Malta								
01-24	324.6	12.8	—	—	—	—	—	—
25-99	3 028.5	3 020.0	1 387.7	—	—	1 387.7	45.95	45.95
01-99	3 353.1	3 032.8	1 387.7	—	—	1 387.7	45.76	45.76
Mauritania								
01-24	103.5	44.2	—	—	—	—	—	—
25-99	77.0	74.4	63.2	—	—	63.2	84.95	84.95
01-99	180.5	118.6	63.2	—	—	63.2	53.29	53.29
Mauritius								
01-24	27 892.3	20 964.4	20 288.9	—	—	20 288.9	96.78	96.78
25-99	3 998.0	3 990.5	3 111.7	—	—	3 111.7	77.98	77.98
01-99	31 890.3	24 954.9	23 400.6	—	—	23 400.6	93.77	93.77
Mexico								
01-24	1 108 637.5	704 956.7	317 281.4	266 499.8	17 975.3	32 806.3	45.01	4.65
25-99	2 249 980.0	1 646 526.2	766 519.6	127 299.2	79 740.6	559 479.8	46.55	33.98
01-99	3 358 617.5	2 351 482.9	1 083 801.0	393.799.0	97 715.9	592 386.1	46.09	25.19
Morocco								
01-24	10 707.7	9 707.9	3 346.8	—	—	3 346.8	34.48	34.48
25-99	9 273.0	5 077.4	1 458.2	—	—	1 458.2	28.72	28.72
01-99	19 980.7	14 785.3	4 805.0	—	—	4 805.0	32.50	32.50
Mozambique								
01-24	41 817.2	6 570.3	5 337.7	—	—	5 337.7	81.24	81.24
25-99	3 760.2	1 686.7	167.3	—	—	167.3	9.92	9.92
01-99	45 577.4	8 257.0	5 505.0	—	—	5 505.0	66.67	66.67

United States imports in 1974 from designated beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Covered by scheme (4)	Excluded by competitive need criteria: $25 million criterion (5)	Excluded by competitive need criteria: 50 per cent criterion (6)	Effective coverage of scheme (7)	Percentage shares (4)/(3) (8)	Percentage shares (7)/(3) (9)
Nauru, Fiji, Tonga								
01-24	17 696.3	14 430.7	13 675.3	—	—	13 675.3	94.77	94.77
25-99	210.5	193.5	185.2	—	—	185.2	95.71	95.71
01-99	17 906.8	14 624.2	13 860.5	—	—	13 860.5	94.78	94.78
Nepal								
01-24	97.2	49.7	5.9	—	—	5.9	11.87	11.87
25-99	1 944.2	150.6	83.5	—	—	83.5	55.44	55.44
01-99	2 041.4	200.3	89.4	—	—	89.4	44.63	44.63
Netherlands Antilles								
01-24	22 305.2	265.3	41.2	—	—	41.2	15.53	15.53
25-99	1 973 234.5	1 917 059.8	2 124.5	—	216.2	1 908.3	0.11	0.10
01-99	1 995 539.7	1 917 325.1	2 165.7	—	216.2	1 949.5	0.11	0.10
Nicaragua								
01-24	80 063.8	43 816.9	15 083.7	—	34.0	15 049.7	34.43	34.35
25-99	9 999.9	6 460.6	3 315.7	—	—	3 315.7	51.32	51.32
01-99	90 063.7	50 277.5	18 399.4	—	34.0	18 365.4	36.60	36.53
Niger								
01-24	14.2	2.4	—	—	—	—	—	—
25-99	60.5	60.5	40.5	—	—	40.5	66.94	66.94
01-99	74.7	62.9	40.5	—	—	40.5	64.39	64.39
Oman								
01-24	82.9	24.2	—	—	—	—	—	—
25-99	20 390.1	20 260.5	—	—	—	—	—	—
01-99	20 473.0	20 284.7	—	—	—	—	—	—
Other Asia								
01-24	145 448.0	108 510.1	49 501.2	—	4 301.6	45 199.6	45.62	41.65
25-99	1 944 143.2	1 929 832.1	583 972.3	107 798.9	50 318.4	425 855.0	30.26	22.07
01-99	2 089 591.2	2 038 342.2	633 473.5	107 798.9	54 620.0	471 054.6	31.08	23.11
Pakistan								
01-24	12 112.2	2 189.3	1 559.7	—	—	1 559.7	71.24	71.24
25-99	45 422.6	43 283.8	8 373.2	—	—	8 373.2	19.34	19.34
01-99	57 534.8	45 473.1	9 932.9	—	—	9 932.9	21.84	21.84
Panama								
01-24	71 660.9	27 542.4	24 785.0	—	—	24 785.0	89.99	89.99
25-99	28 517.6	27 906.5	776.5	—	—	776.5	2.78	2.78
01-99	100 178.5	55 448.9	25 561.5	—	—	25 561.5	46.10	46.10
Papua New Guinea								
01-24	39 969.3	33.5	0.8	—	—	0.8	2.39	2.39
25-99	687.1	30.4	30.2	—	—	30.2	99.34	99.34
01-99	40 656.4	63.9	31.0	—	—	31.0	48.51	48.51
Paraguay								
01-24	16 185.0	14 094.7	10 089.0	—	346.9	9 742.1	71.58	69.12
25-99	5 298.1	513.0	461.0	—	—	461.0	89.86	89.86
01-99	21 483.1	14 607.7	10 550.0	—	346.9	10 203.1	72.22	69.85
Peru								
01-24	206 882.0	164 978.7	158 686.5	155 164.6	—	3 521.9	96.19	2.13
25-99	380 304.2	313 433.8	235 410.9	188 210.6	—	47 200.3	75.11	15.06
01-99	587 186.2	478 412.5	394 097.4	343 375.2	—	50 722.2	82.38	10.60
Philippines								
01-24	841 121.9	811 125.4	510 430.9	503 366.3	166.8	6 897.8	62.93	0.85
25-99	277 098.3	240 403.4	118 371.6	—	30 194.7	88 176.9	49.24	36.68
01-99	1 118 220.2	1 051 528.8	628 802.5	503 366.3	30 361.5	95 074.7	59.80	9.04

United States imports in 1974 from designated beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters	Total imports	Dutiable imports	Covered by scheme	Excluded by competitive need criteria: $25 million criterion	Excluded by competitive need criteria: 50 per cent criterion	Effective coverage of scheme	Percentage shares: (4)/(3)	Percentage shares: (7)/(3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Portugal								
01-24	61 245.6	54 525.3	6 027.5	—	402.9	5 624.6	11.05	10.32
25-99	177 658.0	132 409.9	71 448.8	—	3 843.9	67 604.9	53.96	51.06
01-99	238 903.6	186 935.2	77 476.3	—	4 246.8	73 239.5	41.45	39.18
Romania								
01-24	12 348.3	11 670.7	1 096.0	—	—	1 096.0	9.39	9.39
25-99	113 470.5	104 747.1	5 571.5	—	—	5 571.5	5.32	5.32
01-99	125 818.8	116 417.8	6 667.5	—	—	6 667.5	5.73	5.73
Rwanda								
01-24	18 374.6	—	—	—	—	—	—	—
25-99	1 419.3	1 066.7	2.6	—	—	2.6	0.24	0.24
01-99	19 793.9	1 066.7	2.6	—	—	2.6	0.24	0.24
Saint Helena								
01-24	2 027.6	—	—	—	—	—	—	—
25-99	881.1	385.5	376.7	—	—	376.7	97.72	97.72
01-99	2 908.7	385.5	376.7	—	—	376.7	97.72	97.72
Senegal								
01-24	2 013.5	331.1	328.3	—	—	328.3	99.15	99.15
25-99	462.8	458.4	333.2	—	—	333.2	72.69	72.69
01-99	2 476.3	789.5	661.5	—	—	661.5	83.79	83.79
Seychelles								
01-24	1 201.0	3.6	—	—	—	—	—	—
25-99	9.1	—	—	—	—	—	—	—
01-99	1 210.1	3.6	—	—	—	—	—	—
Sierra Leone								
01-24	6 191.2	196.6	187.3	—	—	187.3	95.27	95.27
25-99	57 791.9	209.1	51.5	—	—	51.5	24.63	24.63
01-99	63 983.1	405.7	238.8	—	—	238.8	58.86	58.86
Singapore								
01-24	34 038.6	5 647.4	1 481.0	—	11.2	1 469.8	26.22	26.03
25-99	507 157.5	458 889.2	142 728.0	38 997.9	—	103 730.1	31.10	22.60
01-99	541 196.1	464 536.6	144 209.0	38 997.9	11.2	105 199.9	31.04	22.65
Somalia								
01-24	94.1	45.3	43.3	—	—	43.3	95.58	95.58
25-99	13.1	0.4	0.4	—	—	0.4	100.00	100.00
01-99	107.2	45.7	43.7	—	—	43.7	95.62	95.62
South and South-East Asia n.e.s.								
01-24	1 217.5	—	—	—	—	—	—	—
25-99	7 824.4	7 451.0	14.6	—	—	14.6	0.20	0.20
01-99	9 041.9	7 451.0	14.6	—	—	14.6	0.20	0.20
Sri Lanka								
01-24	25 787.8	181.7	118.8	—	—	118.8	65.38	65.38
25-99	14 950.8	3 888.5	2 957.2	—	—	2 957.2	76.05	76.05
01-99	40 378.6	4 070.2	3 076.0	—	—	3 076.0	75.57	75.57
Sudan								
01-24	21 379.4	1.1	1.1	—	—	1.1	100.00	100.00
25-99	5 329.9	4 265.6	132.5	—	—	132.5	3.11	3.11
01-99	26 709.3	4 266.7	133.6	—	—	133.6	3.13	3.13
Surinam								
01-24	3 447.7	90.5	42.7	—	—	42.7	47.18	47.18
25-99	69 687.0	4 762.4	266.0	—	193.9	72.1	5.59	1.51
01-99	73 134.7	4 852.9	308.7	—	193.9	114.8	6.36	2.37

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Swaziland								
01-24	17 721.0	17 721.0	17 717.4	—	—	17 717.4	99.98	99.98
25-99	380.9	19.7	3.2	—	—	3.2	16.24	16.24
01-99	18 101.9	17 740.7	17 720.6	—	—	17 720.6	99.89	99.89
Syria								
01-24	1 950.2	1 629.7	57.5	—	—	57.5	3.53	3.53
25-99	331.1	155.0	124.5	—	—	124.5	80.32	80.32
01-99	2 281.3	1 784.7	182.0	—	—	182.0	10.20	10.20
Tanzania								
01-24	16 706.7	250.0	179.2	—	—	179.2	71.68	71.68
25-99	9 710.3	449.5	137.3	—	—	137.3	30.55	30.55
01-99	26 417.0	699.5	316.5	—	—	316.5	45.25	45.25
Thailand								
01-24	46 841.2	15 987.4	8 514.1	—	1 329.3	7 184.8	53.26	44.94
25-99	132 505.4	58 512.9	23 859.7	—	13 323.9	10 535.8	40.78	18.00
01-99	179 346.6	74 500.3	32 373.8	—	14 653.2	17 720.6	43.45	23.78
Togo								
01-24	3 066.1	2.3	2.3	—	—	2.3	100.00	100.00
25-99	77.3	54.6	49.9	—	—	49.9	91.39	91.39
01-99	3 143.4	56.9	52.2	—	—	52.2	91.74	91.74
Trinidad and Tobago								
01-24	28 313.9	15 478.5	15 052.2	—	404.5	14 647.7	97.25	94.63
25-99	1 220 517.0	1 204 700.0	3 362.3	—	—	3 362.3	0.28	0.28
01-99	1 248 830.9	1 220 178.5	18 414.5	—	404.5	18 010.0	1.51	1.48
Tunisia								
01-24	4 872.6	4 627.8	4 523.8	—	—	4 523.8	97.75	97.75
25-99	16 567.4	14 612.5	74.1	—	—	74.1	0.51	0.51
01-99	21 440.0	19 240.3	4 597.9	—	—	4 597.9	23.90	23.90
Turkey								
01-24	87 000.6	80 565.9	4 206.4	—	151.4	4 055.0	5.22	5.03
25-99	37 115.9	30 895.0	4 579.0	—	—	4 579.0	14.82	14.82
01-99	124 116.5	111 460.9	8 785.4	—	151.4	8 634.0	7.88	7.75
Upper Volta								
01-24	155.1	61.1	—	—	—	—	—	—
25-99	135.9	33.2	26.8	—	—	26.8	80.72	80.72
01-99	291.0	94.3	26.8	—	—	26.8	28.42	28.42
Uruguay								
01-24	1 742.2	520.0	19.4	—	—	19.4	3.73	3.73
25-99	14 822.1	13 280.6	7 118.9	—	—	7 118.9	53.60	53.60
01-99	16 564.3	13 800.6	7 138.3	—	—	7 138.3	51.72	51.72
West Africa n.e.s.								
01-24	518.7	12.7	—	—	—	—	—	—
25-99	1 876.9	17.0	4.5	—	—	4.5	26.47	26.47
01-99	2 395.6	29.7	4.5	—	—	4.5	15.15	15.15
Western Samoa								
01-24	955.3	5.3	5.3	—	—	5.3	100.00	100.00
25-99	218.5	209.7	209.7	—	—	209.7	100.00	100.00
01-99	1 173.8	215.0	215.0	—	—	215.0	100.00	100.00
Yemen Arab Republic								
01-24	352.9	23.7	20.1	—	—	20.1	84.81	84.81
25-99	328.7	125.9	1.5	—	—	1.5	1.19	1.19
01-99	681.6	149.6	21.6	—	—	21.6	14.44	14.44

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(*Thousands of dollars*)

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Yugoslavia								
01-24	45 774.8	43 148.1	4 733.1	—	—	4 733.1	10.97	10.97
25-99	215 907.4	202 536.4	124 028.4	—	5 941.5	118 086.9	61.24	58.30
01-99	261 682.2	245 684.5	128 761.5	—	5 941.5	122 820.0	52.41	49.99
Zaire								
01-24	25 417.1	4 575.9	3 159.2	—	—	3 159.2	69.04	69.04
25-99	42 602.4	14 465.7	1 215.8	—	—	1 215.8	8.40	8.40
01-99	68 019.5	19 041.6	4 375.0	—	—	4 375.0	22.98	22.98
Zambia								
01-24	129.8	58.9	—	—	—	—	—	—
25-99	5 588.1	5 185.9	5 185.6	—	—	5 185.6	99.99	99.99
01-99	5 717.9	5 244.8	5 185.6	—	—	5 185.6	98.87	98.87
Total								
01-24	705 721.2	3 908 724.0	2 532 083.5	1 570 969.8	42 823.1	918 290.6	64.78	23.49
25-99	17 080 350.0	14 436 465.6	3 746 520.5	993 361.2	340 357.6	2 412 801.7	25.95	13.15
01-99	24 136 071.2	18 345 189.6	6 278 604.0	2 564 331.0	383 180.7	3 331 092.3	34.22	18.16

Source: UNCTAD secretariat calculations.

[a] Dutiable imports may include some on which duties have been temporarily suspended.

NOTE. Data on United States imports from certain beneficiaries are grouped under the following headings:

Commonwealth Oceania: Gilbert Islands, Tuvalu, British Solomon Islands, Pitcairn Island, Christmas Island (Australia), New Hebrides Condominium.

French Oceania: New Caledonia, Wallis and Futuna Islands, French Polynesia.

West Africa, n.e.s.: Guinea-Bissau, Cape Verde, Sao Tome and Principe.

Leeward and Windward Islands: Antigua, St. Christopher-Nevis-Anguilla, Montserrat, Virgin Islands (British), Grenada, St. Vincent, St. Lucia, Dominica.

South and Southeast Asia, n.e.s.: Bhutan, Maldive Islands, Brunei, Portuguese Timor.

Data for Comoro Islands also include imports from Reunion.

United States imports in 1974 from members of the Group of 77 not designated as beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters	Total imports	Dutiable imports	Covered by scheme	Excluded by competitive need criteria: $25 million criterion	Excluded by competitive need criteria: 50 per cent criterion	Effective coverage of scheme	Percentage shares: (4)/(3)	Percentage shares: (7)/(3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Algeria								
01-24	993.1	74.6	—	—	—	—	—	—
25-99	1 087 751.6	1 086 065.3	2 917.6	—	—	2 917.6	0.27	0.27
01-99	1 088 744.7	1 086 139.9	2 917.6	—	—	2 917.6	0.27	0.27
Democratic Kampuchea								
01-24	30.5	7.1	—	—	—	—	—	—
25-99	681.7	48.2	43.4	—	—	43.4	90.04	90.04
01-99	712.2	55.3	43.4	—	—	43.4	78.48	78.48
Cuba								
01-24	—	—	—	—	—	—	—	—
25-99	1.7	1.7	1.7	—	—	1.7	100.00	100.00
01-99	1.7	1.7	1.7	—	—	1.7	100.00	100.00
Democratic Republic of Viet-Nam								
01-24	—	—	—	—	—	—	—	—
25-99	—	—	—	—	—	—	—	—
01-99	—	—	—	—	—	—	—	—
Democratic Yemen								
01-24	217.0	72.3	—	—	—	—	—	—
25-99	2 189.4	2 037.6	11.2	—	—	11.2	0.55	0.55
01-99	2 406.4	2 109.9	11.2	—	—	11.2	0.53	0.53
Ecuador								
01-24	190 451.8	45 471.9	41 920.1	—	482.9	41 437.2	92.19	91.13
25-99	282 053.2	272 934.7	2 613.3	—	31.0	2 582.3	0.96	0.95
01-99	472 505.0	318 406.6	44 533.4	—	513.9	44 019.5	13.99	13.82
Gabon								
01-24	12 967.0	12 712.0	—	—	—	—	—	—
25-99	149 363.2	148 694.1	173.1	—	—	173.1	0.12	0.12
01-99	162 330.2	161 406.1	173.1	—	—	173.1	0.11	0.11
Indonesia								
01-24	144 664.5	11 783.5	9 527.4	—	—	9 527.4	80.85	80.85
25-99	1 541 647.3	1 280 680.8	8 449.5	—	—	8 449.5	0.66	0.66
01-99	1 686 311.8	1 292 464.3	17 976.9	—	—	17 976.9	1.39	1.39
Iran								
01-24	50 046.0	28 812.1	3 669.7	—	1 339.9	2 329.8	12.74	8.30
25-99	2 082 018.8	2 044 295.4	2 952.0	—	—	2 952.0	0.14	0.14
01-99	2 132 064.8	2 073 107.5	6 621.7	—	1 339.9	5 281.8	0.32	0.25
Iraq								
01-24	2 404.3	2 136.2	71.7	—	—	71.7	3.36	3.36
25-99	443.0	64.9	8.3	—	—	8.3	12.79	12.79
01-99	2 847.3	2 201.1	80.0	—	—	80.0	3.63	3.63
Kuwait								
01-24	7 457.1	28.3	—	—	—	—	—	—
25-99	5 937.0	5 931.7	0.6	—	—	0.6	0.01	0.01
01-99	13 394.1	5 960.0	0.6	—	—	0.6	0.01	0.01
Lao People's Democratic Republic								
01-24	383.3	21.6	1.6	—	—	1.6	7.41	7.41
25-99	200.9	126.1	9.3	—	—	9.3	7.38	7.38
01-99	584.2	147.7	10.9	—	—	10.9	7.38	7.38
Libyan Arab Republic								
01-24	1 372.7	35.0	2.0	—	—	2.0	5.71	5.71
25-99	2 294.5	2 294.0	31.3	—	—	31.3	1.36	1.36
01-99	3 667.2	2 329.0	33.3	—	—	33.3	1.43	1.43

United States imports in 1974 from members of the Group of 77 not designated as beneficiaries

(Thousands of dollars)

Supplying country or territory and CCCN chapters	Total imports	Dutiable imports	Covered by scheme	Excluded by competitive need criteria		Effective coverage of scheme	Percentage shares	
				$25 million criterion	50 per cent criterion		(4)/(3)	(7)/(3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Nigeria								
01-24	45 132.0	13 606.4	13 490.7	—	—	13 490.7	99.15	99.15
25-99	3 242 387.9	3 225 422.9	409.2	—	—	409.2	0.01	0.01
01-99	3 287 519.9	3 239 029.3	13 809.9	—	—	13 899.9	0.43	0.43
Qatar								
01-24	883.6	7.2	—	—	—	—	—	—
25-99	78 738.5	78 738.1	18.2	—	—	18.2	0.02	0.02
01-99	79 622.1	78 745.3	18.2	—	—	18.2	0.02	0.02
Saudi Arabia								
01-24	3 312.5	130.4	—	—	—	—	—	—
25-99	1 664 287.9	1 647 084.8	4.6	—	—	4.6	—	—
01-99	1 672 600.4	1 647 215.2	4.6	—	—	4.6	—	—
Uganda								
01-24	66 838.4	48.8	2.0	—	—	2.0	4.10	4.10
25-99	113.9	18.8	18.3	—	—	18.3	97.34	97.34
01-99	66 952.3	67.6	20.3	—	—	20.3	30.03	30.03
United Arab Emirates								
01-24	1 560.1	34.8	—	—	—	—	—	—
25-99	363 405.1	363 345.7	64.2	—	—	64.2	0.02	0.02
01-99	364 965.2	363 380.5	64.2	—	—	64.2	0.02	0.02
Venezuela								
01-24	65 897.1	7 722.1	3 524.8	—	318.8	3 206.0	45.65	41.52
25-99	4 611 445.7	4 249 444.8	7 947.5	—	—	7 947.5	0.19	0.19
01-99	4 677 342.8	4 257 166.9	11 472.3	—	318.8	11 153.5	0.27	0.26
Total								
01-24	599 611.0	122 704.3	72 210.0	—	2 141.6	70 068.4	58.85	57.10
25-99	15 114 961.3	14 407 229.6	25 673.3	—	31.0	25 642.3	0.18	0.18
01-99	15 714 572.3	14 529 933.9	97 883.3	—	2 172.6	95 710.7	0.67	0.66

Source: UNCTAD secretariat calculations.

Document TD/B/C.5/34

OPERATION AND EFFECTS OF THE SCHEME OF GENERALIZED PREFERENCES OF THE EUROPEAN ECONOMIC COMMUNITY

Report by the UNCTAD secretariat

[*Original: English*]
[2 *July 1975*]

CONTENTS

TABLES

ANNEXES

1. The basic texts embodying the EEC scheme of generalized preferences for 1975 are contained in the regulations adopted on 2 December 1974 by the EEC Council and the decisions adopted by the representatives of the Governments of the member States of the European Coal and Steel Community (ECSC) meeting in Council on the same date.[1] The rules of origin governing the scheme are contained in the regulations adopted by the Commission of the European Communities on 5 December 1974.[2]

2. Several important modifications and improvements have been made in the EEC scheme for 1975 as compared with that for the preceding year. The extension of the list of processed agricultural products eligible for preferential treatment, and larger preferential tariff cuts on these products, constitute major improvements. In addition, the number of sensitive industrial products subject to Community tariff quotas has been drastically reduced, and the administration of preferential imports of these products has become more liberal, except for imports from major suppliers, to which special limitations apply. Moreover, for two products subject to tariff quotas a Community reserve has been established which will no doubt lead to better utilization of these quotas. Lastly, origin rules have been improved, in particular through the relaxation of process requirements for a number of products and through the application of partial cumulative treatment with respect to three sub-regional groupings.

3. The scheme for 1975 is the second to be operated by the enlarged Community. Since the three acceding States will not fully harmonize their external tariffs with the Common Customs Tariff (CCT) until mid-1977, the scheme still calls for certain transitional provisions with respect to those States.

4. The improvements and modifications made for 1975 have in no way altered the complex character of the EEC scheme. One of the objectives of this report is therefore to describe the 1975 scheme in the simplest possible terms and the main changes in relation to the 1974 scheme.

5. This report and the two previous ones on the same subject,[3] describe the evolution and operation of the EEC scheme since its entry into force. For lack of sufficient data, however, they provided only a general indication of the trade implications rather than an evaluation of the actual benefits derived from the scheme. For the first time, although with a considerable time-lag due to the late availability of the relevant trade statistics, it is now possible to determine the actual trade flows of products eligible for preferential treatment and the value of EEC imports which actually received such treatment in 1972.[4]

6. After its adoption of the 1975 scheme, the EEC Council, on 3 March 1975, adopted a resolution on the future development of the Community's generalized tariff preferences. In this resolution the Council emphasized that generalized preferences constituted a basic instrument of development co-operation and indicated its desire to carry out continuous and gradual improvements to these preferences in accordance with the following guidelines:

(*a*) Increased use of the present Community scheme, in particular by means of measures designed to simplify it;

(*b*) Better administration of the scheme;

(*c*) Appropriate improvements and adjustments to the Community scheme, taking into account the export possibilities of the developing countries as well as the Community's economic possibilities.[5]

It was stressed that these improvements should take particular account of the interests of the least developed among the developing countries.

7. The Council also noted that the scheme was initially for a period of ten years, but that in view of the objectives of the GSP, which were to increase the export earnings of developing countries, promote their industrialization and accelerate their rate of economic growth, it considered that it would be necessary to apply the generalized preferences for a further period after 1980.

8. There is no doubt that significant improvements have been made in the scheme from year to year since it was first introduced in 1971. Despite these improvements the scheme as a whole, and in particular the mechanism for administrating preferential imports, has remained highly complex and restrictive. The complexity of the scheme has even been increased by the introduction in 1975 of a new category of tariff ceilings and, since 1974, of tariff quotas, for certain agricultural products.

9. Increased effectiveness of the scheme calls for a number of improvements with respect both to its presentation and to its essential elements, namely, product coverage, depth of tariff cut, safeguard measures and rules of origin.

A. Structure of the scheme

10. The scheme consists of a series of regulations and decisions couched in intricate legal language which even an expert in trade and tariff questions would find hard to comprehend, let alone the ordinary trader or official in developing countries. The safeguard mechanism of *a priori* limitations has made it necessary to divide eligible

[1] EEC Council Regulations Nos. 3045/74-3058/74 and ECSC Council Decisions Nos. 74/596/ECSC and 74/597/ECSC (*O.J.E.C.* vol. 17, No. L 329, 9 December 1974) reproduced in document TD/B/538.

[2] EEC Commission Regulations Nos. 3106/74-3109/74 (*ibid.,* No. L 336, 16 December 1974) reproduced in document TD/B/538.

[3] Documents TD/B/C.5/3* and TD/B/C.5/23.*

[4] This analysis is presented in an addendum to the present report (document TD/B/C.5/34/Add.1, reproduced below).

[5] See *Bulletin of the European Communities* (Brussels), 8th year, 1975, No. 3, p. 54.

products into a large number of groups and sub-groups requiring a complex set of regulations. Such a structure in no way facilitates the task of exporters in determining with any certainty the conditions for preferential treatment, in particular when the product is defined at the ex-tariff line level or when it is classified as semi-sensitive without, however, any public announcenent to that effect. As one way of helping exporters and importers concerned more easily to identify the products covered by the scheme and the corresponding preferential treatment, the Community could open a new column in the CCT indicating the tariff treatment for those products covered by the scheme.

B. Product coverage and depth of tariff cut

11. Despite periodic improvements, the product coverage and depth of tariff cut with respect to agricultural products remain relatively small, and yet the importance of this sector to developing countries cannot be over-emphasized. Further improvements should, therefore, be directed to an enlargement of the coverage so as to include processed and semi-processed agricultural products of current export interest to developing countries, in particular products of tropical origin, and to complete duty-free entry or at least deeper tariff cuts on those products. Moreover, the exclusion of dutiable industrial raw materials deprives many countries whose export earnings rely heavily on such raw materials of any meaningful benefit from the scheme. While inclusion of primary products in the scheme is not a solution to the problem of stabilizing export earnings from primary commodities, it can nevertheless contribute to an increase in such earnings.

C. Safeguard measures

12. Although the number of industrial products subject to ceilings and tariff quotas has been gradually reduced, the bulk of imports of manufactures and semi-manufactures still falls within the categories of semi-sensitive and sensitive products. For these two categories, preferential imports can be made only up to levels that, as shown in the previous studies by the UNCTAD secretariat, fall far below the current total level of such imports from beneficiaries. Moreover, the uncertainty surrounding preferential treatment of sensitive products, on account of the three constraints—tariff quotas, member State allocations and maximum amount levels—is compounded by further uncertainty due to the fact that neither importer nor exporter is ever aware of the actual state of utilization of these tariff quotas.

13. Tariff quotas as at present applied, therefore, represent the most severe restrictive feature of the scheme, and it is highly desirable that they should be dispensed with. If limitation of preferential imports of certain products should prove indispensable, it should be exercised through a system of ceilings at the Community level. The method of calculating these ceilings should be such that they cover current imports from beneficiaries, as well as provide for a reasonable rate of growth. If ceilings were calculated in this way, the maximum amount limitations would become superfluous, and by the same token discrimination among beneficiaries, which arises from the application of this constraint, would also be eliminated.

14. It is important, however, that the number of products subject to ceilings should be restricted to those that have truly shown themselves to be sensitive to market disruption. For all other products classified as non-sensitive and for which, apparently, under the present system, ceilings are not fixed in advance and only exceptionally applied, preferential imports should be regulated, not through *a priori* limitations but through reliance on the escape clause mechanism. Steps in this direction would bring the EEC scheme more into line with the open-ended schemes of other preference-giving countries. They would further facilitate the process of harmonization of all schemes into a common system that should prove more conducive to the attainment of the objectives of the GSP. An additional merit of such a common system would be that it would spread the burden among preference-giving countries more equitably, and at the same time greatly reduce the sensitivity of particular sectors in those countries to preferential imports.

15. In view of the role which the Community plays in trade relations between developed and developing countries, and in view of the importance of its market for the latter countries, the adoption of a liberal scheme by the EEC might be a decisive factor in any future efforts at shaping a common system of generalized preferences.

D. Rules of origin

16. Efforts in this field should be directed to further progress in relaxing unduly stringent origin requirements and harmonizing EEC rules with those of other preference-giving countries applying the process criterion.

17. While the granting of partial cumulative treatment to three regional economic groupings is a major improvement in the 1975 scheme, the extension of full cumulation to these and other regional groupings, and eventually to all developing countries as a single area, would contribute significantly to a better utilization of the scheme.

Chapter I

ESSENTIAL ELEMENTS OF THE EEC SCHEME FOR 1975

18. Changes are made in the EEC scheme every year. The scheme as applied in 1975 is briefly described in the following paragraphs.

A. Beneficiaries

19. Beneficiaries of the scheme are all countries members of the Group of 77, in addition to Nauru, Romania, Tonga and Western Samoa, and a number of countries and territories that are dependent or administered, or for whose external relations member States of the Community or third countries are wholly or partly responsible.[6] As indicated below, however, the status of these beneficiaries sometimes varies according to product category.

20. Beneficiaries under special tariff arrangements of EEC as originally constituted are also recognized as beneficiaries under the scheme of the enlarged Community, but enjoy these special preferences only in the markets of the six original member countries.[7] However, by means of additional protocols, the association agreements between EEC and Cyprus, Egypt, Lebanon, Morocco and Tunisia have been extended to apply to the new EEC member States, which consequently also grant special preferences to these developing countries. Moreover, as a transitional measure, products originating in the Associated African States and Madagascar will, on importation into the new member States, be subject to the arrangements applied to those products before accession.[8]

21. The Commonwealth developing countries and the dependent territories of the United Kingdom are also recognized as beneficiaries under the EEC scheme, and continue to enjoy Commonwealth preferences (CP) in the United Kingdom market until 1 July 1977, when the customs union for the enlarged Community will be completed.[9] For a number of these Commonwealth countries considered non-associable by virtue of Protocol No. 22 to the Treaty of Accession enlarging the Community, the CP rates will be raised to the level of the CCT during the transitional period. For other Commonwealth countries considered associable, the United Kingdom was authorized to continue granting CP rates until 31 January 1975, i.e., generally duty-free treatment on products in CCCN chapters 1-99, with some minor exceptions. These arrangements are to be maintained until the Lomé Convention, signed on 28 February 1975, enters into force or until 31 July 1975, whichever is the earlier.[10]

B. Product coverage

22. EEC grants preferences to industrial manufactures in CCCN chapters 25-99. However, with respect to cotton textiles and substitutes, preferential treatment is limited to countries which were signatories of the former Long-Term Arrangement regarding International Trade in Cotton Textiles and to other beneficiaries who undertook, vis-à-vis the Community, bilateral commitments similar to those given under the Long-Term Arrangement.[11] With respect to all textiles (including cotton) and footwear with uppers of leather (CCT 64.02A), preferential treatment is not granted to dependent countries and territories. Preferential treatment is extended to jute manufactures originating in India, Thailand and Bangladesh, and to coir manufactures originating in India and Sri Lanka.[12] Romania enjoys preferences on a selective basis.[13]

23. EEC also grants preferential treatment to all beneficiaries on selected processed and semi-processed agricultural products falling within CCCN chapters 1-24.[14] EEC Council Regulation No. 1213/75 of 7 May 1975

[6] A complete list of beneficiaries in given in annex I.

[7] The provisions of the Yaoundé Convention and the Arusha Agreement, which expired on 31 January 1975, have been extended until the Lomé Convention, signed on 28 February 1975, enters into force, or until 31 July 1975, whichever is the earlier. See EEC Council regulation No. 240/75 of 30 January 1975 (*O.J.E.C.*, vol. 18, No. L 26, 31 January 1975).

[8] See article 109 (2) of the Treaty concerning the Accession of Denmark, Ireland, Norway and the United Kingdom to the European Communities (for text of Treaty, see United Kingdom, *Treaty Series No.1 (1973) - Part I, Cmnd. 5179-I*) (London, H.M. Stationery Office, 1973).

[9] The measures applicable during the transitional period are set forth in document TD/B/C.5/23,* paras. 72-82.

[10] See EEC Council Decision No. 75/88 of 30 January 1975 (*O.J.E.C.*, vol. 18, No. L. 26, 31 January 1975).

[11] The Long-Term Arrangement expired on 31 December 1973 and was succeeded by the Arrangement regarding International Trade in Textiles, which entered into force on 1 January 1974 for a period of four years. As in 1974, the Community expected that, for 1975, the countries concerned would "adopt measures with equivalent aims, pending application of the arrangement regarding international trade in textiles" (see the preambular parts of EEC Council Regulations Nos. 3045/74 and 3046/74 (*loc. cit.*)). The beneficiaries with respect to textiles under the 1975 scheme are: Afghanistan, Argentina, Bangladesh, Colombia, Egypt, El Salvador, India, Indonesia, Jamaica, Malaysia, Mexico, Pakistan, Philippines, Republic of Korea, Republic of Viet Nam, Sri Lanka, Thailand, Yugoslavia.

[12] See EEC Council Regulation No. 3051/74 (*loc. cit.*). The products in question are those under CCT headings 57.06, 57.10, 58.02 A ex I and 62.03 A II.

[13] The main exceptions with respect to Romania are all textiles, some footwear and all ECSC products. The industrial products for which Romania enjoys preferences are given in EEC Council Regulation No. 3054/74 (*loc. cit.*).

[14] Preferential treatment is not, however, granted to Romania with respect to natural honey (CCT 04.06), certain prepared vegetables and fruit (20.1 ex B) and certain fruit juices (20.07 A III and B II).

extends preferential tariff reduction as from 1 July 1975 to pepper and fixed vegetable oils.[15]

C. Depth of tariff cut

24. All member States of EEC apply preferential duty-free treatment to industrial products in CCCN chapters 25-99 covered by the scheme, with the exception of jute and coir products. However, in the case of textiles "Ireland is authorized to apply customs duties equal to the duties it applied in respect of the same products vis-à-vis Members States other than the United Kingdom."[16] For these products, therefore, Ireland will generally apply in 1975 preferential rates equal to its MFN rates in 1972, reduced by 60 per cent.

25. For jute manufactures originating in India, Thailand and Bangladesh and the coir manufactures originating in India and Sri Lanka, preferential treatment consists of a partial reduction of duties by the original six EEC members. For the same products, Denmark and the United Kingdom apply their 1973 GSP treatment, i.e., duty-free entry. Ireland applies the Community partial tariff reduction on coir products, while for jute products the treatment consists of the alignment of its duties to Community preferential rates "on the dates and according to the timetable fixed in Article 39 (1) and (2) of the Act of Accession".[17] This means that for 1975 Ireland will extend to jute products preferential duty rates obtained by reducing by 60 per cent the difference between its MFN rates and the Community GSP rates.

26. With regard to agricultural products in CCCN chapters 1-24 covered by the scheme, preferential treatment by EEC consists of a reduction in CCT rates for products subject to tariff duties, or of a reduction of the fixed element of protection in respect of products subject to the system of levies under the Common Agricultural Policy. The average reduction of MFN duties on all agricultural products covered by the scheme amounts to about 6.7 percentage points.

27. The Treaty of Accession provides for the progressive alignment of tariff rates of the new member States to the CCT rates. The Community recognized that the aligned MFN rates of the new member States for certain agricultural products ran the risk of being lower than, or very close to, those under the GSP. It was therefore decided to maintain in the new member States a preferential margin equivalent to that which existed between the CCT and the GSP rates. The preferential duties applied by the new member States, therefore, would be determined by multiplying, by a coefficient equal to the margin of preferences existing between the GSP rates and the CCT duties applicable, the duties obtained by reducing the difference between the lowest duty applied on 1 January 1972 to beneficiaries and the CCT by 60 per cent or 40 per cent, as the case might be.[18] However, if the duties resulting from this calculation proved to be higher than the GSP rates indicated in the scheme, the latter would apply.

D. Safeguard measures

28. The scheme of the Community provides for an escape-clause type of action with respect to preferential imports of agricultural products in CCCN chapters 1-24 generally and for a system of *a priori* limitation with respect to preferential imports of four products in CCCN chapters 1-24 and with respect to all products in CCCN chapters 25-99 covered by the scheme, as described below.

29. The preambular parts of the EEC Council regulations also state that generalized preferences do not constitute a binding commitment and may be withdrawn wholly or in part at a later date; such a policy might be adopted, *inter alia*, with a view to remedying any unfavourable situation that might arise in the associated countries following the implementation of the generalized preference scheme.

1. CCCN chapters 1-24

30. The escape clause provides that whenever imports of eligible products into the Community are made "in such quantities or at such prices that Community producers of products similar to or in direct competition with them suffer or are likely to suffer from serious disadvantage, the levying of customs duties may be re-introduced in whole or in part on the products in question in respect of the countries or territories which are the cause of the disadvantage. Such measures may also be taken in the case of actual or potential serious disadvantage in a single region of the Community." Invocation of this escape clause[19] would be without prejudice to the safeguard

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[15] CCT 09.04 A I (*b*)—Other pepper, neither crushed nor ground—preferential rate 6 per cent; 15.07 D—fixed vegetable oils . . . , other:

I. For technical or industrial uses other than the manufacture of foodstuffs for human consumption:
(*a*) Crude: 1. Palm oil—preferential rate 2.5 per cent;
ex 3 Palm nut and kernel oil—preferential rate 3 per cent.

II. (*a*) 1. Crude palm oil—preferential rate 4 per cent.
(*b*) 2. ex (*aa*) Crude: Palm nut and kernel oil—preferential rate 8 per cent.
Coconut oil—preferential rate 8 per cent.

(*O.J.E.C.*, vol. 18, No. L 124, 15 May 1975, reproduced in document TD/B/538/Add.1). Origin requirements have been specified with regard to these vegetable oil products.

The products specified in this foot-note were included in the Commission's proposal to the Council regarding the scheme of generalized preferences for 1975. However, the Commission recommended that the preferential treatment should be held in abeyance until the new Lomé Convention with ACP countries came into force, and on the understanding that offsetting benefits would be provided to these countries for the reduction of their preferential margins on the same products as a result of their inclusion under the scheme of generalized preferences (see Commission document COM(74)950 final, of 19 June 1974, p. 11).

[16] EEC Council Regulation No. 3045/74 (*loc. cit.*), article 1, para. 1.

[17] EEC Council Regulation 3051/74 (*loc. cit.*), article 1, para. 2.

[18] For details of this formula, see TD/B/C.5/23,* foot-note 10.

[19] See EEC Council Regulation No. 3055/74 (*loc. cit.*), article 2. It should be noted that this escape clause has so far never been invoked.

clauses adopted in pursuance of the common agricultural policy under articles 43 and 113 of the Treaty of Rome.[20]

31. Preferential imports of certain agricultural products are affected also by *a priori* limitations. Under EEC Council Regulation No. 3056/74 the Community opened two tariff quotas for preferential imports of cocoa butter and soluble coffee (CCT headings Nos. 18.04 and 21.02 ex A), amounting to 21,600 and 18,750 tons respectively. The quota amounts are allocated among EEC member States as follows:

	Cocoa butter (in tonnes)	*Soluble coffee (in tonnes)*
Benelux	12 150	1 550
Denmark	50	50
France	100	250
Germany, Federal Republic of	800	900
Ireland	50	50
Italy	50	50
United Kingdom	8 400	15 900

32. Under EEC Council Regulation No. 3057/74 the Community opened another tariff quota, of 20,000 tons, for preferential imports of preserved pineapples, other than in slices, half slices or spirals (CCT sub-headings ex 20.06 B, II, *a*, 5, ex 20.06 B, II, *b*, 5, ex 20.06 B, II, *c*, I, dd and ex 20.06 B, II, *c*, 2). The quota amount is allocated among member States as follows:

	Tonnes
Benelux	980
Denmark	380
France	100
Germany, Federal Republic of	4 100
Ireland	200
Italy	400
United Kingdom	13 840

33. Under EEC Council regulation No. 3058/74 the Community opened a fourth tariff quota, for preferential imports of raw or unmanufactured tobacco of the "flue-cured Virginia" type (CCT sub-heading 24.01 B).[21] The tariff quota amounts to 30,000 tons for 1975, and is allocated among member States as follows:

	Tonnes
Benelux	2 419
Denmark	1 588
France	662
Germany, Federal Republic of	2 765
Ireland	1 171
Italy	2 000
United Kingdom	19 395

[20] Treaty establishing the European Economic Community (Rome, 25 March 1957). For the text, see United Nations, *Treaty Series*, vol. 298, p. 11.

[21] As an exceptional measure, raw or unmanufactured flue-cured Virginia type tobacco which on 1 March 1974 was in a bonded warehouse within the Community and for which no certificate of origin form A has been issued, may qualify for preferential treatment provided the necessary documentary evidence is produced to the customs authorities of the importing member State. See EEC Commission Regulation No. 633/75 of 12 March 1975 (*O.J.E.C.*, vol. 18, No. L 66/12, 13 March 1975).

2. CCCN CHAPTERS 25-99

34. In the case of industrial manufactures, preferential imports may be made up to ceilings, tariff ceilings or tariff quotas expressed in units of account (u.a.) or in quantity. The ceilings are "normally" calculated as the sum of the c.i.f. value of Community imports of the product in question in a reference year from countries and territories beneficiaries of the scheme, excluding beneficiaries already enjoying various preferential arrangements granted by the Community (i.e., basic amount) and 5 per cent of the c.i.f. value of Community imports in a reference year from other countries, including countries and territories already enjoying such arrangements (i.e., supplementary amount). In the calculation of the ceilings, 1971 serves as a reference year for the basic amount and 1972 for the supplementary amount, except for textiles (where the reference years are 1968 and 1970 respectively). In addition, the ceilings so obtained for textiles are further increased by a nominal amount equal to 57.5 per cent of the ceilings (see also para. 75 below).

35. The tariff quotas determine the level of imports which can be admitted by the Community under preferential treatment.[22] These quotas are generally allocated among member States according to fixed percentage shares as follows:

	For industrial products other than textiles	*For textiles*
Benelux	10.5	10
Denmark	5.0	7
France	19.0	19
Germany, Federal Republic of	27.5	27
Ireland	1.0	1
Italy	15.0	14
United Kingdom	22.0	22

36. For two products subject to tariff quotas a Community reserve has been set aside for subsequent re-allocation among member States (see para. 44 below). The ceilings and tariff quotas apply to preferential imports from all beneficiaries of the scheme, except those which enjoy exemption from customs duties under other preferential tariff arrangements granted by the Community.

37. In addition to the over-all limitation of ceilings or tariff quotas, preferential imports of products originating in any one of the beneficiary countries or territories cannot, as a general rule, exceed a maximum amount corresponding in general to 50 per cent of the ceiling or tariff quota. However, for many products the maximum amount is set at 30 or 20 per cent of the ceiling or tariff quota; it is 15 per cent for two products and 10 per cent for one other. The maximum amounts apply to all beneficiaries; however, for certain products subject to tariff ceilings the maximum amount has been set at 15 per cent for selected beneficiaries under certain conditions (see also paras. 47 and 77 below).

[22] The tariff quotas are apparently also calculated according to the "normal" formula.

3. Application of ceilings and tariff quotas[23]

38. For the purposes of applying the ceilings and tariff quotas, the EEC scheme distinguishes four groups of industrial manufactures in CCCN chapters 25-99, namely:

(a) Industrial manufactures other than textiles and ECSC products;

(b) Cotton textiles and substitute products;

(c) Textiles other than cotton; and

(d) ECSC iron and steel products.

39. Each of the four groups of products is subdivided into sub-groups for purposes of administration and control of preferential imports. Group (a) distinguishes between products subject to tariff quotas, to tariff ceilings and to ceilings. Groups (b), (c) and (d) distinguish between products subject to tariff quotas and those subject to ceilings. Each sub-group in (a), (b) and (c) is governed by a separate Council regulation, while the two sub-groups in (d), which come under the rules of the ECSC, are governed by decisions of the representatives of Governments of member States of ECSC meeting in Council. Each Regulation describes the conditions for granting preferential treatment and provides in annexes the lists of products affected and the beneficiaries.

40. Preferential imports of products subject to tariff quotas can be made from beneficiaries only up to the amount set for this purpose at the Community level or for each member State. Also, the normal tariff is reintroduced immediately after the preferential imports of these products from any single beneficiary reach the maximum amount. For products subject to tariff ceilings the decision to reintroduce the tariff is discretionary when the ceilings are reached but mandatory when the maximum amount is reached. For products subject to ceilings, the decision to reintroduce the tariff is discretionary with regard to both ceilings and maximum amounts. However, among this category of products, the Community has designated a list of products for which there is special surveillance[24] to permit a rapid cut-off of preferential treatment if the ceiling or the maximum amount is reached.

41. The conditions for granting preferential treatment in each of the four groups of products are described below:

(a) *Industrial manufactures other than textiles and ECSC products*

(i) *Products subject to tariff quotas*

42. Preferential imports of the 13 products subject to tariff quotas in this grouping are governed by EEC Council Regulation No. 3052/74.[25] The total value for 12 of these products affected by the tariff quotas (comprising leather, travel goods, articles of apparel, plywood, footwear, transistors, furniture, primary cells and batteries, and radio and television apparatus) amounts to 124?343,000 u.a. The tariff quota for plywood (CCT 44.15) is set at 105,000 m^3. Imports from any one beneficiary can be made up to 15 per cent of the quota in the case of two tariff quotas, 20 per cent in the case of four others and 30 per cent for the remaining seven.

43. The tariff quotas are allocated among member States according to the fixed percentages listed in paragraph 35 above. However, for plywood products falling within CCT heading 44.15, the percentages are 5.52 (Benelux); 8.57 (Denmark); 1.90 (France); 9.52 (Federal Republic of Germany); 2.86 (Ireland); 2.10 (Italy); and 69.53 (United Kingdom). The share of the United Kingdom has been set at a high level to ensure duty-free access to that market from traditional Commonwealth developing country suppliers, in particular Malaysia and Singapore.

44. For two products — primary cells and primary batteries and radio and television apparatus — a Community reserve, equal to 20 per cent of the tariff quota, has been set up from which member States can draw when their initial shares (i.e. 80 per cent of the tariff quota) are exhausted. These initial shares are allocated among member States in accordance with the percentage listed in paragraph 35 above. The administration of the reserve share follows a specific procedure. If a member State has used 90 per cent or more of its initial share, it can draw a second share equal to 10 per cent of its initial share. After exhausting 90 per cent or more of the second share, it can draw a third share equal to 5 per cent of its initial share. It can draw additional shares of 5 per cent under the same conditions until the reserve is exhausted. Any member State may, however, limit the total of its drawings to 40 per cent of its initial share. Moreover, it has the possibility of drawing shares lower than those specified above if there are grounds for believing that the specified shares may not be used in full.

45. A member State can, not later than 10 October 1975, return to the reserve any unused portion in excess of 20 per cent of the initial share. It may return a greater portion if there are grounds for believing that such portion may not be used in full. However, it retains the possibility, in such cases, of drawing again on the reserve in the manner described above.

(ii) *Products subject to tariff ceilings*

46. Preferential imports of the 34 products subject to tariff ceilings[26] are governed by EEC Council Regulation No. 3053/74. The Community ceilings in this case are calculated according to the normal formula, in which 1971 and 1972 serve as the reference years for the basic and the supplementary amounts respectively. The maxi-

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23 For a discussion of the concept of these *a priori* limitations and their application see TD/B/C.5/3,* chapter II.

24 The list of these so called "semi-sensitive" products is established for internal purposes and is not given or referred to in the official texts of the scheme.

25 The CCT headings and sub-headings together with the corresponding value or quantity of quota amounts in units of account (in parenthesis) are: 41.02 (15,529,000); 42.02 A (4,561,000); 42.02 B (9,847,000); 42.03 A, B (II, III) and C (10,118,500); 44.15 (105,000 m^3); 64.01 (2,307,000); 64.02 A (18,854,000); 64.02 B (10,468,000); 85.03 (3,862,000); 85.15 A, III and C, III (16,937,000); 85.21 D and E (5,823,000); 94.01 B (14,984,000); 94.03 (11,053,000).

26 CCT headings and sub-headings; 28.27; 28.56 C; 31.02 B and C; 31.05 A. I, II, III *b*) and IV; 31.05 B. I and B. II; 40.11; 42.03 B. I; 44.14 B; 46.03; 48.01 C. II; 66.01; 67.04; 69.02; 69.11; 70.05; 70.13; 71.16; 73.18; 74.03; 79.03 A; 84.41 A. I *b*) and A. III; 85.01 A. II; 85.10 B; 85.23; 87.14 B. II; 90.05; 92.11 A; 97.02; 97.03; 97.05 and 98.15.

mum amount limitation is 50 per cent for 22 products; 30 per cent for four products; 20 per cent for seven products and 10 per cent for one other. However, for 28 products subject to these tariff ceilings, special, lower, maximum amounts have been pre-determined for selected beneficiaries—in principle 15 per cent.[27]

47. As soon as the tariff ceilings are reached, the MFN tariffs may be reintroduced at any time until the end of 1975. Once the maximum amounts are reached, levying of the tariff becomes mandatory. Moreover, for all 28 products affected by special maximum amounts for certain beneficiaries, a member State must reintroduce the normal tariff whenever preferential imports from such beneficiaries reach the special maximum amount.[28] For 18 of these products, when preferential imports in any one member reach half the level of the special maximum amount, that member State must levy the normal tariff, unless it previously notifies the Commission that it does not intend to avail itself of this limitation.[29]

(iii) *Products subject to ceilings*

48. Preferential imports of products subject to ceilings are governed by EEC Council Regulation No. 3054/74, which covers the bulk of manufactures and semi-manufactures in CCCN chapters 25-99. The ceilings are calculated according to the normal formula, in which 1971 and 1972 serve as the reference years for calculation of the basic and the supplementary amount, respectively. The maximum amount is generally 50 per cent, except for 28 products, for half of which the percentages have been reduced to 20 per cent and for the other half to 30 per cent. Semi-sensitive products are not identified in the Regulation.

(b) *Cotton textiles and substitutes*

(i) *Products subject to tariff quotas*

49. Cotton textiles and substitutes coming under Community tariff quotas are governed by EEC Council Regulation No. 3045/74. The regulation covers 17 tariff quotas,[30] amounting to 17,315 tonnes. The maximum amount limitation is set at 30 per cent for all items, with the percentage allocation among member States as listed in paragraph 35 above. However, the share of Denmark has been raised for certain cotton yarns and woven fabrics falling within CCT headings ex 55.05 and ex 55.09 to take account of the fact that that country has been importing relatively large quantities of these products from a number of developing countries and has therefore ceased domestic production.

50. Beneficiaries with respect to these products consist of only 17 countries. In addition, the Community has opened, under EEC Council Regulation No. 3049/74, separate duty-free tariff quotas for imports of 23 products originating in Yugoslavia, amounting in all to 5,785 tonnes.

(ii) *Products subject to ceilings*

51. Cotton textiles and substitutes subject to ceilings are governed by EEC Council Regulation No. 3046/74 and relate to 24 CCT headings or sub-headings.[31]

52. For the calculation of ceilings for these products, 1968 has been taken as the reference year for the basic amount and 1970 for the supplementary amount. The ceilings thus obtained are further increased by 57.5 per cent (see para. 75 below). The maximum amount limitation is set at 50 per cent, except for seven products, for which it is 30 per cent. Semi-sensitive products are not identified in the Regulation.

53. Again, there are only 17 beneficiary countries. In addition, the Community has set, under EEC Council Regulation No. 3050/74, ceilings in specified amounts for preferential imports for most of these products originating in Yugoslavia.

(c) *Textiles other than cotton*

(i) *Products subject to tariff quotas*

54. Preferential imports of products in this grouping are governed by EEC Council Regulation No. 3047/74 and relate to 13 tariff quotas, amounting to 14,669 tonnes.[32] The maximum amount limitation has been set at 20 per cent for three tariff quotas, 30 per cent for nine others and 50 per cent for the remaining one.

55. The percentage share allocation among EEC member States is as listed in paragraph 35 above. However, the share of Denmark has been raised for certain yarn and woven fabrics of synthetic textile fibres and twine cordage falling within CCT sub-headings 51.04, 56.05 A, 56.07 A and ex 59.04, since that country has for some years been importing these products at a relatively high level from certain developing countries and has therefore ceased to produce them.

(ii) *Products subject to ceilings*

56. Preferential imports of products in this grouping are governed by EEC Council Regulation No. 3048/74, which relates to 73 tariff headings or sub-headings in CCCN chapters 50-54 and 56-63.

57. For the calculation of ceilings, 1968 has been taken as the reference year for the basic amount and 1970 for the supplementary amount. The ceilings thus obtained are further increased by 57.5 per cent. The maximum amount limitation is set at 50 per cent, except for three products, for which it is 30 per cent. Semi-sensitive products are not identified in the Regulation.

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27 The countries or territories benefiting from lower maximum amounts are: Hong Kong (ten products); Macao (two products); Mexico (one product); Republic of Korea (two products); and Yugoslavia (16 products under EEC Council Regulation No. 3053/74 (*loc. cit.*) and one product under Decision 74/597/ECSC (*loc. cit.*).

28 The products subject to this rule are indicated in the Regulation by two asterisks.

29 The products subject to this rule are indicated in the Regulation by one asterisk.

30 CCT headings or sub-headings 55.05 B. II (four quotas); 55.09 A ex I and II (five quotas); ex 60.03; 61.01 (two quotas); 61.02 (two quotas); 61.03 and 62.02 (two quotas).

31 54.05; 55.05 A and B. I; 55.06; 55.07; 55.08; 55.09 A. ex I and B; 56.05 B; 56.07 B; 58.04; 58.10; 60.01 B and C; ex 60.02; 60.04 A; 60.05 A, ex II and ex B; 60.06 A; ex 61.03; ex 61.04; 61.05; 62.01 B. I; 62.03 B. I ex *b*) and B. ex II; and 62.04.

32 The tariff quotas relate to the following CCT headings or sub-headings: 51.01 A and B. II; 51.04; 5605 A; 56.07 A; 58.01 ex A; ex 59.04; ex 60.03; 60.04 B; 60.05 A ex II and ex B.

(d) *ECSC iron and steel products*

(i) *Products subject to tariff quotas*

58. Iron and steel products subject to tariff quotas are governed by Decision 74/596/ECSC of the representatives of the Governments of the member States of ECSC, meeting in Council. The decision covers three tariff quotas,[33] amounting to 40,977,000 u.a. The maximum amount limitation is set at 50 per cent for two of these tariff quotas and at 30 per cent for the third.

(ii) *Products subject to ceilings*

59. Decision 74/59/597/ECSC of the representatives of the Governments of the member States of ECSC meeting in Council, governs preferential imports under five tariff headings for which there are ceilings. These ceilings are calculated according to the normal formula, where 1971 and 1972 serve as the reference year for the basic and supplementary amounts respectively. The maximum amount limitation has been set at 50 per cent. Semi-sensitive products are not identified in the Decision.

E. Rules of origin

60. The rules of origin applied under the scheme are governed by EEC Commission Regulation No. 3106/74. In order to qualify for preferential treatment, eligible goods must:

(*a*) In general, be transported directly from the exporting beneficiary country to the Community; and

(*b*) Comply with the origin criteria specified for those goods by the Community.

1. Direct consignment

61. Under the EEC scheme, direct transportation involving transit through third countries, with or without trans-shipment or temporary storage within those countries, is permissible provided that transit through those countries is justifiable on geographical grounds or exclusively on account of transport requirements, and that the goods have remained under customs control in the country of transit or storage, have not entered into trade or consumption there and have not undergone there any operations other than unloading and loading or any operation intended to keep them in good condition.

62. An exception to this direct consignment rule is provided under EEC Commission Regulations Nos. 3107/74, 3108/74 and 3109/74, whereby products manufactured in a country belonging to a specified regional grouping may be consigned to EEC from any country member of that grouping (see para. 88 below).

2. Origin criteria

63. Goods are considered as originating in a preference-receiving country if they are goods wholly produced in that country, i.e., no imported inputs are used in the manufacture of these products. If the goods are manufactured wholly or partly from materials or parts which were imported or of unknown origin, these materials or parts must have undergone a sufficient working or processing in the preference-receiving country if the finished product is to qualify for preferential treatment.

64. As a general rule, working or processing is considered sufficient if the finished product becomes classified under a four-digit heading of the CCCN different from those covering any of the non-originating materials or parts used. There are, however, a number of exceptions to these rules, which can be classified into two groups:

(*a*) Manufacturing processes which do not qualify for GSP treatment or which qualify only subject to certain conditions even though a change of CCCN heading is involved (list A of EEC Commission Regulation No. 3106/74).

(*b*) Manufacturing processes which qualify for GSP treatment even though a change of CCCN heading is not involved (list B of EEC Commission Regulation No. 3106/74).

65. In some cases, the condition for conferring the status of origin is that the value of imported inputs must not exceed a given percentage of the value of the exported goods. For this purpose, the value of imported inputs is the customs value at the time of importation into the preference-receiving country (generally the c.i.f. value), and the value of exported goods is the ex-factory price of the goods obtained, excluding internal taxes refunded or refundable on exportation.

3. Partial cumulative treatment

66. Cumulative treatment is permitted on a partial basis for three regional groupings: the Association of South East-Asian Nations (ASEAN), whose members are Indonesia, Malaysia, the Philippines, Singapore and Thailand, the Central American Common Market (CACM), whose members are Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, and the Andean Group (signatories of the Cartagena Agreement), whose members are Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela. This partial cumulative treatment applies to all products covered by the scheme, other than cotton textiles and substitutes.

67. In accordance with this treatment, materials or parts imported by one member country of the grouping from another member country for further manufactures are considered as originating products of the country of manufacture and not as third-country inputs, provided that such materials or parts would, on their own, qualify under the EEC rules as "originating products" of the country supplying the materials or parts. Moreover, third-country inputs used in the course of manufacture must not exceed 5 per cent of the value of the exported product for which preference is claimed. Where it is required that a certain percentage of value should be added for non-originating products to qualify, such percentage requirements must be satisfied in each country member of the grouping supplying the inputs. Consequently, there is no possibility of cumulation with respect to the percentage rule in lists A and B.

4. Documentary evidence

68. The claim for GSP treatment by any exporting beneficiary must be supported by appropriate documen-

[33] CCT headings or sub-headings 73.08; 73.10 A and D I (*a*); 73.13 A, B. I and II (*b*) and (*c*), III, IV (*b*), (*c*) and (*d*) and V (*a*) 2.

tary evidence as to the origin of the goods, and direct consignment. The goods for which preferential tariff treatment is claimed must be accompanied by a Combined Declaration and Certificate of Origin on Form A issued by the Customs authorities or by other governmental authorities of the exporting beneficiary country. (The relevant authorities are specified in the regulation concerning exports from the three regional groupings.) Evidence of direct consignment generally consists of a through bill of lading, a certificate issued by the Customs authorities of the transit country and any other substantiating document.

Chapter II

COMPARISON WITH THE SCHEME FOR 1974

69. This chapter describes the changes made by EEC to its scheme for 1974 in adopting the scheme for 1975.

A. Beneficiaries

70. The general list of beneficiaries is unchanged. However, the product coverage for dependent territories, including Hong Kong, has been extended to include certain footwear. Following bilateral negotiations, Sri Lanka and the Republic of Viet-Nam have been added to the list with respect to cotton textiles and substitutes, while Thailand and Sri Lanka acquired beneficiary status with respect to jute and coir products.

B. Processed agricultural products in CCCN chapters 1-24

71. The number of agricultural products covered has been increased from 190 tariff items or sub-items in 1974 to 217 in 1975. In terms of 1970 trade patterns, imports into the nine member States of agricultural products covered by the 1974 scheme from beneficiary countries members of the Group of 77 amounted to $382 million, or about 9 per cent of total dutiable imports of agricultural products from those beneficiaries. In terms of the 1975 scheme the corresponding imports in 1970 amounted to $406 million, raising the proportion to about 10 per cent.

72. The 27 new products include a number of items of major export interest to developing countries, such as certain fruits, certain food preparations, natural honey, some spices, castor oil and cigars and smoking tobacco.

73. In addition to the extension of the positive list, the 1975 scheme provides for deeper tariff cuts on the products included in the list. The average reduction of the CCT duties on all agricultural products covered by the 1975 scheme amounts to about 7 percentage points, compared with a corresponding reduction of about 6 percentage points under the 1974 scheme.

74. EEC continues to rely on the escape clause as the principal instrument for taking safeguard action with respect to preferential imports of agricultural products in CCCN chapters 1-24. It also applies for the second year running, with respect to four products (cocoa butter, soluble coffee, preserved pineapples and unmanufactured tobacco), the *a priori* limitation formula which was previously confined to products in CCCN chapters 25-99. The tariff quotas opened for three of these products remain the same as those of 1974. For unmanufactured tobacco, however, the tariff quota has been expressed in volume rather than, as in the preceding year, in value, in order to ensure imports from beneficiaries of the specified volume, should world market prices rise.

C. Industrial manufactures in CCCN chapters 25-99

75. As in previous years, preferences apply to all imports of industrial products in CCCN chapters 25-99. Changes were, however, made in the manner of calculating ceilings and in the administration of these imports. For the calculation of ceilings, the reference year for the supplementary amount was changed from 1971 to 1972, while remaining 1971 for the basic amount. For textiles the formula applied in 1973 was maintained in 1975. In the 1974 scheme, improvement with respect to textiles had been made, not through a change in the reference year but through a nominal increase of 50 per cent over the 1973 ceiling. Of this increase, 5 per cent applied to the Community as originally constituted, and a substantial part of the rest applied to the United Kingdom, which had excluded most textiles from preferential treatment prior to joining EEC. In the 1975 scheme, improvement was again made through a lump-sum increase equal to 5 per cent over the 1974 ceiling.[34]

76. A significant change consisted in reducing the number of sensitive products, other than textiles, subject to tariff quotas from 51 in 1974 to 16 in 1975.[35] All but one of the sensitive products removed from the 1974 list have been transferred to a new list of products subject to tariff ceilings. Preferential imports of such products are, however, subject to special provisions: the maximum amount limitations are to be strictly enforced and a special maximum amount of 15 per cent has been set for individual beneficiary countries and territories under certain conditions.

77. The transfer of products from the sensitive list subject to tariff quotas to the new list subject to special surveillance constitutes an important relaxation in the

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[34] This represented a 57.5 per cent increase over the 1973 ceiling.

[35] See EEC Council Regulation No. 3052/74 and ECSC Council Decision 74/596/ECSC (*loc. cit.*).

administration of preferential imports, since the allocation of the Community tariff quota among member States and the rigid administration and control of preferential imports are now dispensed with. It is these constraints which have been largely responsible for under-utilization of the tariff quotas.

78. The special maximum amount limitation applying to the 34 transferred products affects preferential imports from five beneficiary countries and territories. The Community introduced this selective limitation on the grounds that it would ensure equitable sharing of benefits among beneficiary countries, in particular the less competitive among them. This selective approach may at first glance appeal to the latter countries. However, analysis of current EEC imports shows that, only in a few cases would the application of the special maximum amount in fact reserve a substantial share of the ceilings for other suppliers. For most products affected, the special maximum amounts would result in a substantial reduction of benefits for the major beneficiary suppliers and in sterilization of the over-all ceilings because the other beneficiaries export these products in only small amounts or not at all.

79. Furthermore, in comparing the list of products subject to tariff ceilings (EEC Council Regulation No. 3053/74) with annex II below, which lists products for which the maximum amount limitation had in fact been invoked in 1974, it can be seen that special maximum amounts have been set for a number of products in 1975 even though preferential imports of these products were not affected by the maximum amount limitation in the preceding year.[36] Also, for certain other products the maximum amounts for 1975 have been set at lower percentages than in the preceding year, even though none of the supplying beneficiaries was able to reach the higher percentage set in 1974.[37] Thus, with regard to products subject to tariff ceilings, the lowering of the maximum amounts and the rationale for introduction of special maximum amounts does not seem, on the basis of the 1974 trade flows, to be justified in some cases. An important by-product of this approach may be to open the way for further discrimination among beneficiaries and thus steer the scheme away from the GSP concept of non-discrimination and non-reciprocity in preferential treatment.

80. As under the previous schemes, the tariff quotas are to be allocated among EEC member States according to fixed percentages which, as shown in earlier secretariat studies, do not correspond to actual imports and result in considerable under-utilization of the quotas. To correct this situation, EEC introduced on a trial basis a Community reserve for two tariff quotas. This reserve, as explained in paragraph 44 above, will be reallocated among member States according to need. Establishment of a similar reserve for all other tariff quotas could greatly relax, but not eliminate, the constraint resulting from the fixed percentage allocation of the quota among the member States, and could thus facilitate utilization of the quotas.

D. Application of the *a priori* limitations[38]

81. *A priori* limitations in the form of tariff quotas, ceilings and maximum amount limitations remain a dominant feature of the EEC scheme. Their operation in 1974 can throw light on the role they are likely to play in 1975.

82. Annex II shows that the ceiling limitation with respect to non-sensitive products was invoked only once in 1974. The limitations were mostly applied with respect to preferential imports of sensitive and semi-sensitive products.

1. Sensitive products

83. Table 1 shows that the number of sensitive products subject to tariff quotas amounted to 81 in 1974 and 46 in 1975. This reduction constitutes a significant relaxation in the administration and control of preferential imports. However, as shown in table 2, for those products which are still subject to tariff quotas, the increase in their value from 1974 to 1975 was relatively small, amounting to 5 per cent for textiles and to about 11 per cent for the other industrial products. This increase was considerably below the rate of growth of EEC imports of the same products in the past.

84. Table 1 shows the percentages of the maximum amount limitations applicable to various product groups in 1974 and 1975. In terms of frequency, 27 products were affected by the 20 per cent maximum amount in 1974. In the 1975 scheme there is a tendency to ease the application of the maximum amount limitation, since the 50 per cent ratio is applicable to 22 products, compared with five in 1974. However, the 20 per cent and 30 per cent ratios in 1975 are applicable to a relatively high number of products, contrary to what experience in 1974 suggests would be warranted. Moreover, as also shown in annex II, despite the low maximum amounts, only once was this limitation invoked with respect to more than one beneficiary in 1974. This experience seems to suggest that the maximum amount limitations are unduly stringent.

2. Semi-sensitive products

85. The number of semi-sensitive products subject to special surveillance was increased by one, to 90 in 1975, as a result of a transfer from the sensitive list. In 1974 only 21 of the 89 products were affected by the maximum amount limitation. It seems unnecessary, therefore, to keep such a large number of products in the semi-sensitive category. Moreover, the maximum amounts applicable to semi-sensitive products in 1975 are still mainly set at the lower proportions of 20 per cent and 30 per cent. This again does not seem justified, since in 1974 the maximum amount limits were applied to only a few beneficiaries. In fact, in that year the beneficiaries and the number of

36 CCT headings and sub-headings: 28.56 C; 31.05 A and B; 40.11; 48.01; 70.05; 84.41; and 97.02.

37 CCT headings or sub-headings 42.03 B. I; 44.14 and 46.03.

38 For an analysis of these constraints, see documents TD/B/C.5/3,* paras. 120-138, and TD/B/C.5/23,* chapter III.

TABLE 1

EEC schemes for 1974 and 1975: level of tariff quotas and tariff ceilings and application of maximum amounts

(Values in thousands of u.a.; quantities in tonnes)

	1974					*1975*					
		Maximum amount limitation (percentage) [a]					*Maximum amount limitation (percentage)*				
	Tariff quotas	*10*	*20*	*30*	*50*	*Tariff quotas*	*10*	*15*	*20*	*30*	*50*
I. Industrial products other than textiles and ECSC iron and steel products											
(*a*) Subject to tariff quotas											
Number	47		24	23	1	13	—	2	4	7	—
Value	405 700		(16)	(15)	—	124 343 [b]					
(*b*) Subject to tariff ceilings											
Number						34	1	—	8	5	20
Value						276 401					
II. Cotton textiles and substitutes											
Number	17	—	—	17	—	17	—	—	—	17	—
Quantity	16 490			(9)		17 315					
III. Textiles other than cotton											
Number	13	—	4	8	1	13	—	—	3	9	1
Quantity	13 968		(2)	(5)	—	14 669					
IV. ECSC iron and steel products											
Number	4	—	—	1	3	3				1	2
Value	39 968					40 977					
V. *Totals*											
I+II+III+IV:											
Number	81		27	49	5	80	1	2	15	39	23
			(18)	(29)							
I+IV:											
Number	51	—	23	24	4	50	1	2	12	13	22
			(16)	(15)							
Value	445 668					441 721 [b]					
I+III:											
Number	30	—	4	25	1	30	—	—	3	26	1
			(2)	(14)							
Quantity	30 458					31 984					

Source: *O.J.E.C.*, various issues.

[a] Figures in parentheses indicate how many products were actually affected in 1974 by the maximum amount limitation.

[b] Excludes a tariff quota for plywood (CCT 44.15). The tariff quota for this product was set in 1974 in value (23 million u.a.) and in 1975 in quantity (105,000/m^3).

products for which the maximum amounts were applied are as follows: Yugoslavia (17 products); Republic of Korea (6); India (6); Hong Kong (3); Colombia (2); Brazil (2); Pakistan (2); Romania (1). The fact that preferential imports from suppliers other than those affected by the maximum amount limitation were insufficient for the ceiling on most semi-sensitive products to be invoked seems to suggest that these products should be placed in the non-sensitive category.

E. Rules of origin

86. EEC bases its GSP rules of origin on the process criterion. The rules in EEC Commission Regulation No. 3106/74 correspond in the main to those prescribed for the previous schemes.

87. In response to recommendations of the Working Group on Rules of Origin of the Special Committee on Preferences, EEC introduced further improvements when adopting the 1975 scheme, in particular deletion of the process requirements in list A for 18 tariff positions [39] and the enlargement of list B through the inclusion of 181

[39] These are, in terms of CCCN headings or sub-headings: ex 28.13; ex 28.19; ex 28.27; ex 28.28; ex 2829; ex 28.30; ex 2830; ex 28.33; ex 28.42; ex 29.02; ex 29.35; ex 29.38; ex 32.13; 34.02; ex 48.07; 96.01 and 98.15.

TABLE 2

EEC schemes for 1975: indices of tariff quotas

(1974 = 100)

Product group [a]	*1975*
I. Industrial products other than textiles and ECSC iron and steel products	
(*a*) Subject to tariff quotas	110.2
(*b*) Subject to tariff ceilings	112.0
II. LTA cotton textiles and substitutes	105.0
III. Textiles other than cotton	105.0
IV. ECSC iron and steel products	111.7
I+IV	111.4
II+III	105.0

Source: Table 1.

[a] For the sake of comparison, products have been classified according to the groupings in the 1975 scheme.

positions, mainly in CCCN chapters 28-39.[40] Moreover, the changes in terminology used in describing the rules should make possible real progress in the linguistic harmonization of all the GSP schemes for which origin rules are based on the process criterion.

88. The rules also contain an important innovation to which developing countries concerned attach great importance. Under EEC Commission Regulations Nos. 3107/74, 3108/74 and 3109/74, the Community now provides for partial cumulative treatment for three regional groupings; the CACM, the Andean Group and the ASEAN. This provision has been introduced in the interest of economic integration within each of these groupings. It also brings about a relaxation of the rules of direct consignment with respect to countries within each of the groupings and in effect allows goods exported from one member country of a grouping to pass through another member country and/or be treated there and to retain originating status.[41]

[40] Specifically, chapters 28-37; ex chapter 38; ex 38.05 and chapter 39.

[41] The relaxation of the direct consignment rule with respect to ASEAN countries was the subject of special EEC Commission Regulations Nos. 3615:73 (*O.J.E.C.*, vol. 16, No. L 358. of 28 December 1973) and 460/74 (*O.J.E.C.*, vol. 17, No. L 55, of 26 February 1974) under the scheme for 1974. Apparently, the introduction of partial cumulative treatment obviates the need for such regulations under the 1975 scheme.

ANNEXES

ANNEX I

List of developing countries and territories enjoying generalized tariff preferences in 1975 *

A. Independent countries

Afghanistan [a]
Algeria
Argentina [a]
Bahamas [b]
Bahrain
Bangladesh [a]
Barbados [b]
Bhutan
Bolivia
Botswana [b]
Brazil
Burma
Burundi [b, c]
Cameroon [b, c]
Central African Republic [b, c]
Chad [b, c]
Chile
Colombia [a]
Congo, People's Republic of [b, c]
Costa Rica
Cuba
Cyprus
Dahomey [b, c]
Dominican Republic
Ecuador
Egypt, Arab Republic of [a]
El Salvador [a]
Equatorial Guinea
Ethiopia [b]
Fiji [b]
Gabon [b, c]
Gambia [b]
Ghana [b]
Grenada [b]
Guatemala
Guinea [b]
Guyana [b]
Haiti
Honduras
India [a]
Indonesia [a]
Iran
Iraq
Ivory Coast [b, c]
Jamaica [a, b]
Jordan
Kenya [b, c]
Khmer Republic
Korea, Republic of [a]
Kuwait
Laos
Lebanon
Lesotho [b]
Liberia [b]
Libya
Malagasy Republic [b, c]
Malawi [b]
Malaysia [a]
Maldive Islands
Mali [b, c]
Mauritania [b, c]
Mauritius [b, c]
Mexico [a]
Morocco
Nauru
Nepal
Nicaragua
Niger [b, c]
Nigeria [b]
Oman
Pakistan [a]
Panama
Paraguay
Peru
Philippines [a]
Qatar
Romania
Rwanda [b, c]
Saudi Arabia
Senegal [b, c]
Sierra Leone [b]
Singapore
Somalia [b, c]
Sri Lanka [a]
Sudan [b]
Swaziland [b]
Syria
Tanzania [b, c]
Thailand [a]
Togo [b, c]
Tonga [a]
Trinidad and Tobago [b]
Tunisia
Uganda [b, c]
United Arab Emirates:
- Abu Dhabi
- Dubai
- Ras al Khaimah
- Fujairah
- Ajman
- Sharjah
- Ummal Qaiwain

Upper Volta [b, c]
Uruguay
Venezuela
Viet-Nam, Republic of [a]
Western Samoa [b]
Yemen, People's Democratic Republic of
Yemen Arab Republic
Yugoslavia [a]
Zaire [b, c]
Zambia [b]

B. Countries and territories dependent or administered, or for whose external relations member States of the Community or third countries are wholly or partly responsible

Afars and Issas (Territory of the) [d]
Angola (including Cabinda)
Australian Antarctic Territory
Belize [d]
Bermuda [d]
British Antarctic Territory [d]
British Indian Ocean Territory (Aldabra, Farquhar, Chagos Archipelago, Des Roches) [d]
British Pacific Ocean [d, e]
Brunei [d]
Cape Verde Islands
Cayman Islands and Dependencies [d]
Christmas Island
Cocos (Keeling) Islands
Comoro Archipelago [d]
Corn Islands and Swan Islands
Falkland Islands and Dependencies [d]
French Polynesia [d]
French Southern and Antarctic Territories [d]
Gibraltar
Heard Island and MacDonald Islands
Hong Kong
Leeward Islands [d, f]
Macao
Mozambique
Netherlands Antilles [d]
New Caledonia and Dependencies [d]
Norfolk Island
Pacific islands administered by the United States of America or under United States trusteeship [g]
Papua-New Guinea [d]
Portuguese Guinea [c]
Portuguese Timor
St. Helena (including Ascension, Gough Island, and Tristan da Cunha) [d]
Saint Pierre and Miquelon [d]
São Tomé and Principe
Seychelles (including Amirantes) [d]
Sikkim
Spanish territories in Africa
Surinam [d]
Territories for which New Zealand is responsible (Cook Islands, Niue Island, Tokelau Islands and Ross Dependency)
Turks and Caicos Islands [d]
Virgin Islands of the United States of America (St. Croix, St. Thomas, St. John, etc.)
Wallis and Futuna Islands [d]
Windward Islands [d, h]

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* List reproduced from EEC Council Regulation No. 1213/75 (*O.J.E.C.* vol. 18, No. L 124, 15 May 1975). Foot-notes [a, b, c] and [d] have been added by the secretariat of UNCTAD.

[a] Beneficiary with respect to textiles.

[b] African, Caribbean and Pacific countries signatories of the Lomé Convention.

[c] Associated under Yaoundé Convention or Arusha Agreement.

[d] Countries or territories associated with EEC.

[e] Gilbert and Ellice Islands, British Solomon Islands, New Hebrides Condominium and Pitcairn Island.

[f] Antigua, Montserrat, St. Kitts-Nevis-Anguilla, British Virgin Islands.

[g] The Pacific Islands administered by the United States of America include: Guam, American Samoa (including Swain's Island), Midway Islands, Johnston and Sand Islands, Wake Island and the Trust Territory of the Pacific Islands (the Carolines, Marianas and Marshall Islands).

[h] Dominica, St. Lucia, St. Vincent.

NOTE. The above list may be amended subsequently to take account of changes in the international status of countries or territories.

ANNEX II

Industrial products affected by ceilings and maximum amount limitations in 1974

Common customs tariff heading No. (1)	Description of goods (2)	Sensitive: A Semi-sensitive: B Non-sensitive: C (3)	EEC Council Regulation No. (4)	Beneficiaries affected (5)	Maximum amount (percentage) (6)	Date of re-establishment of normal tariff (1974) (7)	Source of information (No. and date of Official Journal of the European Communities [1974]) (8)
	I. Industrial products other than textiles, shoes and iron and steel products						
25.23	Portland cement	B	3501/73	Yugoslavia	50	30/9	L 261/48; 27/9
		B	3501/73	All beneficiaries	50	10/12	L 327/26; 7/12
28.27	Lead oxides	A	3500/73	Mexico	20	1/6	C 63/2; 1/6
28.42 A ex II	Carbonates of sodium anhydride	C	3501/73	Romania	50	29/10	L 289/22; 26/10
39.03 B I	Regenerated cellulose (...)	A	3500/73	Yugoslavia	30	29/5	C 61/30; 29/5
39.03 B II	Regenerated cellulose, cellulose nitrate (...)	A	3500/73	Yugoslavia	20	29/5	C 61/30; 29/5
41.02 ex B	Bovine cattle leather (...) Other	A	3500/73	Argentina	30	10/6	C 67/1; 10/6
41.03 B II	Sheep and lamb skin leather Other: not specified	B	3501/73	All beneficiaries	50	26/11	L 312/15; 23/11
41.04 B II	Goat and kid skin leather Other: not specified	B	3501/73	India	30	28/6	L 168/17; 25/6
41.05 B II	Other kinds of leather (...)	B	3501/73	Yugoslavia	20	5/10	L 265/8; 2/10
	Other	B	3501/73	Colombia	20	18/11	L 305/28; 15/11
42.02 A	Travel goods (...) of artificial plastic sheeting	A	3500/73	Hong Kong	30	10/5	C 54/2; 10/5
42.02 B	Travel goods (...) of other materials	A	3500/73	Hong Kong	30	14/5	C 56/2; 14/5
44.15	Plywood, block-board (...)	A	3500/73	Singapore	30	19/3	C 30/31; 19/3
		A	3500/73	Malaysia	30	13/4	C 42/5; 11/4
44.18	Reconstituted wood (...)	B	3501/73	Yugoslavia	50	1/7	L 173/68; 28/6
44.23	Builder's carpentry and joinery	B	3501/73	All beneficiaries	50	4/11	L 294/64; 1/11
44.24	Household utensils of wood	B	3501/73	All beneficiaries	50	8/6	L 148/14; 5/6
48.09	Building board of wood pulp	B	3501/73	Brazil	50	4/11	L 294/65; 1/11
66.01	Umbrellas and sunshades (...)	A	3500/73	Hong Kong	20	13/4	C 42/5; 11/4
67.04	Wigs, false beards, hair pads	A	3500/73	Republic of Korea	20	25/8	C 99/2; 23/8
68.08	Articles of asphalt or of similar material	C	3501/73	Romania	50	13/10	L 175/8; 10/10
68.13	Fabricated asbestos and articles thereof (...)	C	3501/73	Yugoslavia	50	30/9	L 261/49; 27/9
69.02	Refractory bricks, blocks	A	3500/73	Yugoslavia	20	24/8	C 99/1; 23/8
69.08	Glazed setts (...) hearth and wall tiles	B	3501/73	Republic of Korea	20	2/3	L 56/19; 27/2
69.11	Sink, wash basins (...)	A	3500/73	Macao	30	25/11	C 147/6; 26/11
69.12 C	Tableware and other articles for domestic purposes of earthenware or fine pottery	B	3501/73	All beneficiaries	50	18/11	L 305/29; 15/11

ANNEX II (*continued*)

Industrial products affected by ceilings and maximum amount limitations in 1974

Common customs tariff heading No. (1)	*Description of goods* (2)	*Sensitive: A Semi-sensitive: B Non-sensitive: C* (3)	*EEC Council Regulation No.* (4)	*Beneficiaries affected* (5)	*Maximum amount (percentage)* (6)	*Date of re-establishment of normal tariff (1974)* (7)	*Source of information (No. and date of* Official Journal of the European Communities *[1974])* (8)
70.12	Glass inners for vacuum flasks (...)	B	3501/73	Yugoslavia	50	3/5	L 117/31; 30/4
		B	3501/73	All beneficiaries	50	4/11	L 294/68;1/11
70.13	Glassware	A	3500/73	Yugoslavia	20	1/6	C 63/2; 1/6
70.14 A II	Illuminating glassware (...)	B	3501/73	Yugoslavia	20	3/5	L 117/32; 30/4
		B	3501/73	Romania	20	24/8	L 230/16; 21/8
70.14 B	Illuminating glassware	B	3501/73	Hong Kong	30	26/5	L 140/54; 23/5
		B	3501/73	All beneficiaries	30	23/11	L 309/9; 20/11
71.16	Imitation jewellery	A	3500/73	Hong Kong	30	5/4	C 39/33; 6/4
73.18	Tubes and pipes (...) of iron or steel	A	3500/73	Yugoslavia	30	28/8	C 100/2; 27/8
73.32 B ex II	Screws for wood	B	3501/73	All beneficiaries	50	15/12	L 332/18; 12/12
73.40	Other articles of iron and steel	B	3501/73	Yugoslavia	30	26/11	L 312/16; 23/11
74.03	Wrought bars, rods, of copper	A	3500/73	Yugoslavia	20	16/11	C 142/3; 16/11
74.07	Tubes and pipes (...) of copper	B	3501/73	Yugoslavia	30	22/3	L 74/3; 19/3
76.02	Wrought bars of aluminium	B	3501/73	Yugoslavia	20	22/6	L 163/25; 19/6
76.03	Wrought plates (...) of aluminium	B	3501/73	Yugoslavia	20	13/10	L 275/9; 10/10
79.03 A	Wrought plates (...) of zinc	A	3500/73	Yugoslavia	20	9/7	C 79/3; 8/7
82.09	Knives with cutting blades (...)	B	3501/73	Republic of Korea	30	5/10	L 265/9; 2/10
82.14 A	Spoons, forks, fish-eaters	B	3501/73	Republic of Korea	30	15/6	L 155/11; 12/6
		B	3501/73	All beneficiaries	30	4/11	L 294/69; 1/11
83.01	Locks and padlocks (...) of base metal	B	3501/73	Hong Kong	20	2/8	L 208/9; 30/7
84.41 A I b)	Sewing machines (...) other	A	3500/73	Republic of Korea	30	18/5	C 58/59; 18/5
		A	3500/73	Brazil	30	5/10	C 119/1; 5/10
85.01 A II	Electrical goods (...) generators	A	3500/73	Yugoslavia	20	20/6	C 70/4; 18/6
85.01 C	Electrical goods (...) generators (...) other	B	3501/73	Yugoslavia	30	23/6	L 164/14; 20/6
85.03	Primary cells and primary batteries	A	3500/73	Hong Kong	30	6/11	C 136/2; 6/11
85.04 A	Electric accumulators/ lead-acid accumulators	B	3501/73	Yugoslavia	20	17/8	L 225/23; 14/8
85.10 B	Portable electric battery (...)	A	3500/73	Hong Kong	30	10/5	C 54/2; 10/5
85.15 A III, C III	Radiotelegraphic and radiotelephonic transmission and reception apparatus (...) and parts (...)	A	3500/73	Singapore	20	1/7	C 73/5; 29/6
		A	3500/73	Hong Kong	20	30/7	C 89/2; 27/7
85.18	Electrical capacitors fixed or variable	B	3501/73	Yugoslavia	30	4/11	L 294/70; 1/11
		B	3501/73	All beneficiaries	30	26/11	L 312/17; 23/11

Industrial products affected by ceilings and maximum amount limitations in 1974

Common customs tariff heading No. (1)	Description of goods (2)	Sensitive: A Semi-sensitive: B Non-sensitive: C (3)	EEC Council Regulation No. (4)	Beneficiaries affected (5)	Maximum amount (percentage) (6)	Date of re-establishment of normal tariff (1974) (7)	Source of information (No. and date of Official Journal of the European Communities [1974]) (8)
85.20 A	Electrical filament lamps (...)	B	3501/73	Hong Kong	30	4/11	L 294/71; 1/11
85.21 D, E	Thermionic, cold cathode (...)	A	3500/73	Singapore	30	29/5	C 61/30; 29/5
85.23	Insulated electric wire (...)	A	3500/73	Yugoslavia	30	29/5	C 61/30; 29/5
87.10	Cycles (...)	B	3501/73	Yugoslavia	20	18/5	L 132/17; 15/5
87.12 B	Parts and accessories of articles falling within heading No. 87.09 to 87.11	B	3501/73	Yugoslavia	20	18/5	L 132/17; 15/5
87.14 B II	Other vehicles (...)	A	3500/73	Yugoslavia	20	5/4	C 39/33; 6/4
90.05	Refracting telescopes (...)	A	3500/73	Republic of Korea	20	20/2	C 16/3; 20/2
		A	3500/73	Macao	20	27/7	C 89/1; 27/7
		A	3500/73	Hong Kong	20	7/12	C 154/1; 7/12
90.09	Image projectors (...)	C	3501/73	All beneficiaries	50	15/7	L 188/33; 12/7
94.01 B	Chairs and other seats (...)	A	3500/73	Yugoslavia	20	20/4	C 43/2; 17/4
94.03	Other furniture and parts thereof	A	3500/73	Yugoslavia	30	7/6	C 65/17; 7/6
97.02	Dolls	A	3500/73	Hong Kong	20	17/3	C 28/3; 16/3
97.03	Other toys (...)	A	3500/73	Hong Kong	20	19/3	C 30/31; 19/3
97.05	Carnival articles	A	3500/73	Hong Kong	20	5/4	C 39/33; 6/4
97.06 B, C	Appliances, apparatus for gymnastics (...)	B	3501/73	Pakistan	30	17/8	L 225/24; 14/8
98.15	Vacuum flasks (...)	A	3500/73	Hong Kong	30	20/4	C 43/2; 17/4
	II. LTA COTTON TEXTILES AND SUBSTITUTES						
55.05 A	Cotton yarn (...) A. Multiple or cabled	B B	3503/73 3578/73	Colombia Yugoslavia	50 50	18/2 26/5	L 43/39; 15/2 L 140/52; 23/5
55.05 B I	Cotton yarn (...) measuring per simple yarn 120,000 m or more per kg.	B	3503/73	All beneficiaries	50	23/11	L 309/8; 20/11
55.05 B ex II	Cotton yarn (...) other not specified, measuring per kg						
	14,000 m or less	A	3502/73	India	30	21/9	C 110/104; 21/9
	more than 14,000 m and up to 40,000 m	A	3502/73	Pakistan	30	29/5	C 61/31; 29/5
	more than 80,000 m and up to 120,000 m	A	3502/73	Egypt	30	29/5	C 61/31; 29/5
55.06	Cotton yarn	C	3578/73	Yugoslavia	50	26/4	L 109/18; 23/4
55.08	Terry towelling and similar terry fabrics of cotton	B	3503/73	All beneficiaries	50	15/12	L 332/15; 12/12
55.09 A ex II	Other woven fabrics of cotton (...) unbleached of a width of: 85 cm to 115 cm	A	3502/73	Pakistan	30	5/4	C 39/33; 6/4
	more than 115 cm and up to 165 cm	A	3502/73 3502/73	India Pakistan	30 30	30/4 15/7	C 50/1; 29/4 C 81/5; 13/7

Industrial products affected by ceilings and maximum amount limitations in 1974

Common customs tariff heading No. (1)	Description of goods (2)	Sensitive: A Semi-sensitive: B Non-sensitive: C (3)	EEC Council Regulation No. (4)	Beneficiaries affected (5)	Maximum amount (percentage) (6)	Date of re-establishment of normal tariff (1974) (7)	Source of information (No. and date of Official Journal of the European Communities [1974]) (8)
	more than 165 cm	A	3502/73	Republic of Korea	30	15/7	C 81/5; 13/7
	not specified	A	3502/73	Mexico	30	30/4	C 50/1; 29/4
ex 60.02	Gloves, mittens (...) of cotton	B	3503/73	Pakistan	30	17/8	L 225/20;14/8
		B	3503/73	All beneficiaries	30	15/12	L 332/16; 12/12
60.04	Undergarments (...)	B	3503/73	India	30	21/6	L 162/7; 18/6
	A. of cotton	B	3503/73	All beneficiaries	30	17/8	L 225/21; 14/8
65.05 A	Outer garments (...)	A	3504/73	Republic of Korea	30	19/3	C 30/32; 19/3
ex II	A. ex II other	B	3503/73	India	30	3/6	L 146/49; 31/5
ex B	ex B other	B	3503/73	All beneficiaries	30	22/6	L 163/24; 19/6
61.01	Men's and boys' outer garmets of cotton	A	3502/73	Republic of Korea	30	5/2	C 10/1; 5/2
		A	3502/73	Republic of Korea	30	19/3	C 30/31; 19/3
		A	3502/73	India	30	29/5	C 61/31; 29/5
ex 61.02	Women's, girls' and infants' outer garments other than of cotton	A	3502/73	India	30	10/3	C 25/1; 12/3
		A	3502/73	Republic of Korea	30	19/3	C 30/31; 19/3
ex 61.03	Men's and boys' undergarments other than of cotton	A	3502/73	Republic of Korea	30	5/2	C 10/11; 5/2
ex 61.03	Men's and boys' undergarments (...) — of cotton fabric	B	3503/73	India	30	26/5	L 140/53; 23/5
		B	3503/73	All beneficiaries	30	23/7	L 198/28; 20/7
ex 61.04	Women's, girls' and infants' undergarments of cotton	B	3503/73	India	50	15/12	L 332/17; 12/12
ex 61.05	Handkerchiefs (...) of cotton	B	3503/73	Republic of Korea	50	26/4	L 109/19; 23/4
		B	3503/73	All beneficiaries	50	15/9	L 249/7; 12/9
ex 61.05	Handkerchiefs of fabrics other than cotton	B	3503/73	India	50	17/8	L 225/22; 14/8
ex 62.02	Bed linen, table linen (...) of cotton	A	3502/73	India	30	13/2	C 13/5; 12/2
	III. Other textiles and shoes						
50.09	Woven fabrics of silk	B	3505/73	India	50	10/12	L 327/27; 7/12
51.04	Woven fabrics of man-made fibres (...)	A	3504/73	Republic of Korea	30	10/5	C 54/2; 10/5
54.03	Flax or ramie yarn (...)	B	3505/73	Brazil	50	3/5	L 117/34; 30/4
56.01	Man-man fibres not carded	B	3505/73	Yugoslavia	30	4/11	L 294/66; 1/11
56.03	Waste of man-made fibres (...)	B	3505/73	Yugoslavia	30	4/11	L 294/67; 1/11
56.05 A	Yarn of man-made fabrics (...) A. of synthetic textile fibres	A	3504/73	Republic of Korea	20	5/2	C 10/2; 5/2
58.01 ex A	Carpets (...) of wool						
	— 350 rows of knots or less	A	3504/73	Iran	20	29/5	C 61/31; 29/5
	— more than 350 rows to 500 rows of knots	A	3504/73	Iran	30	18/6	C 70/3; 18/6
ex 59.04	Twine, cordage, ropes of sisal	A	3504/73	Mexico	30	5/4	C 39/34; 6/4
60.01 A	Knitted or crocheted fabrics A. of wool	B	3505/73	All beneficiaries	50	2/3	L 56/18; 27/2

ANNEX II (*concluded*)

Industrial products affected by ceilings and maximum amount limitations in 1974

Common customs tariff heading No. (1)	Description of goods (2)	Sensitive: A Semi-sensitive: B Non-sensitive: C (3)	EEC Council Regulation No. (4)	Beneficiaries affected (5)	Maximum amount (percentage) (6)	Date of re-establishment of normal tariff (1974) (7)	Source of information (No. and date of Official Journal of the European Communities [1974]) (8)
ex 60.03	Stockings, other than of cotton	A	3504/73	Republic of Korea	30	20/2	C 16/3; 20/2
60.04 B	Undergarments (...) B. of other textile materials	A	3504/73	Republic of Korea	20	30/4	C 50/2; 29/4
60.05 A I	Outer garments and clothing accessories, jerseys (...)	B	3505/73	All beneficiaries	30	17/9	L 251/37; 14/9
ex 61.04	Women's, girls' (...) undergarments other than of cotton	B	3505/73	Republic of Korea	50	31/3	L 83/15; 28/3
		B	3505/73	All beneficiaries	50	21/6	L 162/8; 18/6
64.01	Footwear with outer soles (...) of rubber	A	3504/73	Republic of Korea	30	19/3	C 30/32; 19/3
64.02	Footwear (...) of leather	A	3504/73	Brazil	20	1/6	C 63/2; 1/6
		A	3504/73	Yugoslavia	20	9/12	C 156/30; 10/12
64.02 B	Footwear (...) other	A	3504/73	Republic of Korea	20	17/3	C 28/3; 16/3
		A	3504/73	Pakistan	20	16/11	C 142/3; 16/11

Document TD/B/C.5/34/Add.1

OPERATION AND EFFECTS OF THE SCHEME OF GENERALIZED PREFERENCES OF THE EUROPEAN ECONOMIC COMMUNITY IN 1972

Study by the UNCTAD secretariat

[*Original: English*]
[*17 November 1975*]

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ANNEXES

NOTE CONCERNING EEC REGULATIONS AND DECISIONS MENTIONED IN THIS STUDY

The following is a list of the regulations and decisions concerning the EEC scheme of generalized preferences mentioned in this study. The texts are reproduced in document TD/B/396.

Regulation (EEC) No. 2794/71 of the Council of 20 December 1971, concerning the establishment, sharing and management of Community tariff quotas for certain products originating in developing countries *

Regulation (EEC) No. 2795/71 of the Council of 20 December 1971, concerning the establishment of tariff preferences for certain products originating in developing countries *

Regulation (EEC) No. 2796/71 of the Council of 20 December 1971, concerning the establishment, sharing and management of Community tariff quotas for certain textile products originating in developing countries *

Regulation (EEC) No. 2797/71 of the Council of 20 December 1971, concerning the establishment of tariff preferences for certain textile products originating in developing countries *

Regulation (EEC) No. 2798/71 of the Council of 20 December 1971, concerning the establishment, sharing and management of Community tariff quotas for certain textile and footwear products originating in developing countries *

Regulation (EEC) No. 2799/71 of the Council of 20 December 1971, concerning the establishment of tariff preferences for certain textile and footwear products originating in developing countries *

* *O.J.E.C.*, vol. 14, No. L 287, 30 December 1971.

Regulation (EEC) No. 2800/71 of the Council of 20 December 1971, establishing a system of generalized preferences in favour of the developing countries for certain products falling within Chapters 1-24 of the common customs tariff *

Regulation (EEC) No. 2862/71 of the Commission of 22 December 1971, concerning the definition of the concept of "originating" products for the purpose of implementing the tariff preferences granted by the European Economic Community to certain products of developing countries **

** *Ibid.*, No. L 289, 31 December 1971.

Decision 71/403/ECSC of 20 December 1971 of the representatives of the governments of the States members of the European Coal and Steel Community meeting in Council concerning the establishment, sharing and management of tariff quotas for certain iron and steel products originating in developing countries *

Decision 71/404/ECSC of 20 December 1971 of the representatives of the governments of the States members of the European Coal and Steel Community meeting in Council concerning the establishment of tariff preferences for certain iron and steel products originating in developing countries *.

INTRODUCTION

1. The present study is a retrospective quantitative analysis of the 1972 scheme of the European Economic Community whereby preferential tariff treatment was granted for designated goods from eligible developing countries under the Generalized System of Preferences.[1] Although the Community began implementing its scheme of generalized preferences as from 1 July 1971, the full year 1972 was the first period susceptible of meaningful study in the light of statistical data available at the time of preparation of this study. It is also the most recent year for which import statistics in sufficient detail are available in the EEC's trade statistics (NIMEXE). The 1972 data have the additional advantage of being relatively undistorted by exchange-rate changes, and the fact that they refer to the original Community of six members simplifies the analysis considerably.[2]

2. An *ex post* analysis of the implementation of the EEC scheme of generalized preferences is essential, not only to obtain perspective on the real scope of the potential advantages and to provide a bench-mark against which to assess subsequent improvements or other changes in the scheme, but especially in order to clarify the practical operation of the elaborate system of automatic or semi-automatic safeguard measures and other special rules embodied in the scheme.[3] Indeed, the preferential treatment provided by the system, although purportedly "generalized", is in fact differentiated according to types of products and their relative sensitivity, and with respect to various groups of beneficiary developing countries. Regarding the differentiation according to products, whereas selected processed agricultural goods falling within chapters 1-24 of the CCCN receive preferential tariff reductions in various degrees according to a positive list subject to a conventional escape clause, the dutiable semi-manufactures and manufactures falling within CCCN chapters 25-99 have special safeguard mechanisms in the form of *a priori* limitations. It may be recalled that these comprise three types of superimposed constraints: (*a*) annual Community tariff quotas for sensitive goods, and Community ceilings for other semi-sensitive and non-sensitive goods; (*b*) arbitrarily fixed percentage shares of the Community tariff quotas, which are separately applied by the respective EEC member States, and (*c*) maximum amounts (*MA*) (often known as *butoirs* or "buffers") to limit the proportion of the over-all tariff quota or ceiling that a given beneficiary exporting country may supply on preferential terms during the year.

3. In the case of the sensitive goods, the Community tariff quotas are administered strictly by the individual member States, and the regular MFN tariff rate is automatically reimposed when the member-State share is reached or when the Commission of the Communities announces the reaching of the maximum amount *vis-à-vis* a given supplying country. In the case of those semi-sensitive goods subject to "special surveillance", entry into the Community as a whole of imports otherwise qualified for preferential treatment but in excess of either the over-all ceiling or the *MA* is likely also to lead to more or less immediate restoration of the MFN tariff, at the discretion of the Commission in consultation with the member States. Only in the case of the non-sensitive goods, in which the beneficiary developing countries are usually relatively uncompetitive, is there a presumption that the theoretical ceilings and exporting-country *MA*s will not in fact be applied. This is still not a certainty, however, since the limitations have occasionally been applied. Moreover, non-sensitive products may be transferred to the semi-sensitive or even sensitive list the following year.

4. The geographical differentiation of the scheme also takes several forms. First, it is necessary to distinguish between the real beneficiaries of the scheme and those nominal beneficiaries (countries and territories associated with EEC or enjoying special bilateral preferences more liberal than those accorded under the scheme) which do not participate in the scheme proper. Secondly, preferences for cotton textiles, and certain other textiles assimilated thereto, are available only to those countries which accept obligations to limit quantitatively their exports to EEC. (In 1972 this group consisted of only seven countries, signatories to the Long-Term Arrangement

[1] An earlier analysis of the EEC scheme is contained in document TD/B/C.5/3.*

[2] Denmark, Ireland and the United Kingdom, which joined the EEC in January 1973, continued to apply their individual schemes until the end of that year; since 1974 they have extended generalized preferences in the context of the EEC scheme.

[3] For the texts of EEC Council Regulations Nos. 2794/71 to 2800/71, EEC Commission Regulation No. 2862/71 and ECSC Council Decisions 71/403/ECSC and 71/404/ECSC, concerning the scheme of the Community for 1972, see note, p. 96 above.

Regarding International Trade in Cotton Textiles; more countries have since been added to that category.) With respect to other textiles (and, in 1972, footwear), the scheme's benefits were available only to independent country beneficiaries and not to Hong Kong, Macao or other territories dependent on countries not members of EEC. In years subsequent to 1972, it may be noted, further geographic differentiation has been introduced on an *ad hoc* basis.

5. Complexity is thus a significant feature of the scheme, but the element of uncertainty is a more serious characteristic which, as will be apparent, narrowly limits the potential trade advantages. Uncertainty is inherent in the combined operation of the three types of *a priori* limitations or constraints. For most goods where these limitations are strictly or fairly strictly applied (sensitive and semi-sensitive, respectively), any prediction of whether a given shipment will in fact receive preferential treatment or whether the preference will be "sterilized" through reimposition of MFN duties following the reaching of the maximum amount, the member State share or the quota, is risky, to say the least. Fortuitous factors of timing, as well as the independent behaviour of competing exporters and importers, will determine the actual outcome, which is thus a gamble with unknown odds. Moreover, even if the relevant trade flows and their timing were reasonably predictable, individual exporters and importers would not know the extent to which these imports were in fact eligible for preferential treatment in terms of the rules of origin, i.e. in terms of compliance with the requirements of initial notification by the beneficiary countries of the body authorized to certify the origin of goods, the timely submission of origin certificates correctly made out and properly signed, direct consignment from producing country to the Community, and satisfaction of the process and/or the percentage component requirement.

6. These built-in uncertainties are compounded by lack of information on the working of the system of limitations. The Community has thus far chosen not to make available to the interested parties, let alone the public, the current status of utilization of quotas, ceilings, or maximum amounts and member State shares. Information is provided only when ceilings or maximum amounts are reached and the MFN rate reintroduced. Moreover, the scheme does not distinguish between semi-sensitive goods subject to special surveillance and the really non-sensitive goods. Information on the precise value (or quantity) of the ceilings and maximum amounts applicable to the former is considered to be confidential. The extent to which some of this information may be available in trade circles is difficult to determine, since the situation apparently differs from one member State to another and among the product sectors. Such information is nevertheless necessary it there is to be a systematic utilization of the potential trade benefits of the scheme other than as a source of windfall profits for import firms within the Community.

7. Indeed, it is generally recognized that, for a preferential margin to provide a significant incentive for the desired expansion of trade or shift in trade patterns in favour of beneficiary countries, several conditions must be fulfilled. First, the preference must be applicable for marginal increments of trade over and above what would have existed in the absence of preferences, i.e. the ceiling and/or tariff quota must be open-ended in the sense that the MFN tariff rate is not effectively reimposed during the current period. More important, there must also be a strong expectation—if not absolute certainty—among both exporters and importers that this will in fact be the case. Any trade expansion requires that preferences be passed on to buyers in the form of lower prices. This condition may not be fulfilled because in closed-ended situations the customs duty forgone by the authorities before reimposition of the MFN rate will normally be captured and retained as a windfall by importer middlemen. Except where consuming or producing firms may themselves be the importers, as in the case of some multinational concerns, or where the developing country exporters have unusual bargaining power, there is no reason to expect the windfall to be shifted either forward to consumers in the form of reduced prices or backward, as increased export proceeds. Finally, if the preferential incentive is to have a lasting effect, e.g. by stimulating longer-run investment to increase supplies in the exporting countries and market-promotional activities in the consuming countries, then there must be a high probability that the open-ended situation will extend predictably into the future.[4]

8. In order that beneficiary-country exporters and their importing representatives may cope better with the obvious complexities and uncertainties of the system of limitations and the lack of essential information on its administration, a considerable effort of detailed analysis of past performance under the scheme is therefore required. As a minimum, the published data should include a record of the actual amounts of goods which have entered the Community under preferences, broken down by broad categories, by the applicable sensitivity lists, and by individual product groups, as defined in the scheme, and geographically, according to importing EEC Member States and exporting beneficiary countries, together with an indication of the margins of preference applicable. The time patterns of utilization of quotas, member States shares and exporting-country maximum amounts should be indicated, preferably by calendar quarters, in order to explain why one constraint was operative and not another. Finally, it should be possible to relate such information on actual utilization of the scheme, derived from official records, to the corresponding statistics of total imports from the beneficiaries and from other sources in order to place the preferential benefits in a broader perspective and to show to what extent an insufficiency of eligible imports explain the under-utilization of some quotas, while other shipments of products theoretically covered by the scheme can be excluded from preferential treatment by the operation of the system of multiple constraints, by difficulties arising under the rules of origin, or simply by neglect on the part of the potential beneficiaries or their agents to claim the preference.

[4] The economic implications of "open-ended" and "closed-ended" tariff quotas were discussed in document TD/B/C.5/3,* paras. 86-94.

9. With respect to 1972, EEC has made available only fragmentary information on the utilization of quotas, ceilings and maximum amounts. Dates of Community-wide application of ceiling and maximum amount limitations and consequent reimposition of MFN duties were currently published in the *Journal Officiel* of the European Communities. Utilization of member State shares of tariff quotas for sensitive-list products is a matter of record,[5] although this information was not publicly disseminated by the EEC. There is no public information on under- or over-utilization of ceilings for semi-sensitive goods. There are also no available data on the preferences actually received by the individual beneficiary countries. However, the Commission has informed UNCTAD that it expects to be able to publish comprehensive information on the scheme's operations for 1974, after detailed trade statistics covering the Community of nine members become available.

10. In view of the lack of published EEC data on the scheme's results for 1972, the present analysis has been based on the following approach. From detailed trade statistics (NIMEXE) made available by EEC on computer tape, estimates have been made of the amounts of the actual trade flows that could have been expected to be excluded from preferential treatment ("sterilized") through the operation of each of the *a priori* limitations. After elimination of apparent double counting of flows that would have been sterilized under more than one of the applicable limits, it was then possible to estimate—by subtraction—the amounts of the remaining potentially preferential trade flows. In simulating the operation of the scheme, it was necessary to use various arbitrary assumptions, notably with respect to the timing of transactions during the year, so as to obtain determinate results. In general, the idealized model can be expected to diverge, in greater or less degree, from the actual pattern of scheme utilization, mostly in the direction of over-estimation of benefits obtained. To the extent that direct comparison of estimates with actual results is possible, the differences throw light on, *inter alia*, the effects of the rules of origin as well as possible institutional divergences in the procedures of member States (or in the degree to which importers succeed in understanding the system of limitations and adapting their own practices to it) and random factors. At least, the estimates provide a basis for evaluating the influence of the mechanism for application of *a priori* limitations, as distinguished from inadequacies of supply or demand, in restraining preferential imports at a much lower level than nominal ceilings.

11. A drawback of the approach chosen in this study is that it is focused mainly on the restrictive features of the EEC scheme. It shows why many quotas and ceilings were foreclosed, or could have been expected to be foreclosed, given the actual patterns of recorded trade in 1972. The analysis does not attempt to assess the positive aspects of the scheme other than by showing the total amount of imports from beneficiaries that occurred in those of the potentially preferential situations (notably in the processed agricultural items of CCCN chapters 1-24 and in numerous truly non-sensitive items of CCCN chapters 25-99) where strict safeguard mechanisms were not applied. The methodology does not reveal whether, or to what extent, an increase in imports from the beneficiaries occurred and was in fact stimulated by the existence of meaningful open-ended preference margins. Such an assessment is not possible for a number of reasons. First, comparably detailed trade data are not available for a series of years. Secondly, no significant preference-induced change in trade flows may be reflected in 1972 statistics because of the briefness of the period during which the scheme had been in operation. Thirdly, for the same reason, complete implementation of the scheme and notification by beneficiaries had not yet occurred in 1972. Moreover, as mentioned previously, closed-ended limitations on the scheme and uncertainty about the open-ended status of other limitations probably negated any price effects from the preferences. Therefore, at least with respect to 1972, it is likely that any effects on beneficiaries' trade were negligible.

[5] Communication from the Commission of the European Communities (COM(73)1800 (final) of 24 October 1974), reproduced in European Parliament, *Working Documents, 1973-1974*, document 243/73, 3 December 1973. This information has been utilized in the present study and in a study published by the Deutsches Institut für Wirtschaftsforschung, *Economic Bulletin* (Berlin), vol. 11, No. 9, 1974.

Chapter I

EEC IMPORTS UNDER ITS SCHEME OF GENERALIZED PREFERENCES IN 1972

A. Processed agricultural products (CCCN chapters 1-24)[6]

12. Under the EEC scheme of 1972, the processed agricultural products classified in CCCN chapters 1-24 are treated differently from industrial products in CCCN chapters 25-99 in two fundamental respects.

13. First, the safeguard system normally takes the form of a conventional escape clause rather than of a system of quantitative *a priori* limitations (ceilings, tariff quotas, maximum amounts, etc.). Therefore, so long as there is only negligible probability that the escape clause will in fact be exercised, the scheme is in effect open-ended, with respect to preferential imports into the Community, from qualified preferred suppliers, of the products appearing on the positive list, in the sense that incremental imports are expected to enjoy the preference without limitation.

[6] For the text of the 1972 régime relating to products in CCCN chapters 1-24, see EEC Council Regulation No. 2800/71 of 20 December 1971.

TABLE 1

EEC imports from beneficiaries of products falling within CCCN chapters 1-24 in 1972

	A. From real beneficiaries			*B. Of which from notifying beneficiaries*		
	Millions of u.a.	*Percentages*		*Millions of u.a.*	*Percentages*	
Total imports	3 248	100		2 664	100	
Imports dutiable under MFN	2 567	79	100	2 095	78.6	100
Of which:						
Covered by 1972 scheme:						
Maximum	76 [a]	2.3	3.0	69 [a]	2.6	3.3
Minimum	11	0.3	0.4	8	0.3	0.4
Secretariat estimate (high)	45	1.4	1.8	40	1.5	1.9

Source: UNCTAD secretariat calculations from EEC trade statistics (NIMEXE).

[a] See annex I for details.

14. Secondly, the margins of preference normally take the form of a partial reduction of the MFN tariff (or of the fixed portion of the tariff, in the case of those products subject to the variable-levy system or other variable charges established under the Common Agricultural Policy). On the other hand, with respect to almost all industrial goods, preferential imports enjoy free entry, i.e. zero duty, to the extent that they occur within the *a priori* limitations.

15. The countries and territories receiving preferences under the scheme for goods falling within CCCN chapters 1-24 are the same as those receiving preferences with respect to general industrial goods (i.e. other than textiles and shoes). In both cases, however, the lists in the scheme fail to distinguish between those countries and territories that are "real" beneficiaries and those that are only "nominal" beneficiaries, already enjoying more favourable preferential treatment under association agreements with EEC.

16. Under the 1972 scheme, the positive list of products in CCCN chapters 1-24 contained 147 items, minutely defined at the tariff-line level or below ("ex" items). In most cases even the most detailed EEC trade statistics for 1972 do not permit segregation of those portions of the trade categories that are specified in the EEC list. For example, the item "bovine tongue" mentioned in the scheme presumably accounts for only part of the trade reported under NIMEXE 160251, which also includes other beef preparations. Table 1 therefore gives maximum and minimum limits within which the true 1972 trade coverage under the scheme must fall.[7] However, some of the "ex" items clearly fit the statistics better than others and the true coverage is believed to be at most 45 million u.a. for all the countries and territories which were eligible to participate and 40 million u.a. for the somewhat smaller group which gave notice of the names of their certifying authorities[8] in time to benefit from the scheme during 1972. Moreover, if allowance is made for the imports that may not have received preferential treatment because of problems with the rules of origin (which may have particularly affected countries in the Far East),[9] it would appear that 40 million u.a. might be a very generous estimate of the imports of goods in CCCN chapters 1-24 which really benefited from the duty reductions.

17. On the basis of this estimate, preferential imports of processed agricultural items in 1972 were about 1.9 per cent of the total dutiable EEC agricultural imports from all beneficiaries and 1.5 per cent of total dutiable and non-dutiable agricultural imports from real beneficiaries. However unsatisfactory they may have been, these 1972 ratios provide a standard against which to measure subsequent improvements in the scheme.

18. Another figure of interest for future comparisons is the average preferential reduction of duties in 1972 for goods falling within CCCN chapters 1-24. Weighted according to the maximum statistics on imports from notifying beneficiaries,[10] the average tariff was reduced from about 18 per cent to about 14 per cent *ad valorem*, indicating a margin of GSP preference of 4 percentage points. Taking account of the relatively high level of the initial agricultural tariffs, and the fact that many preference goods remained subject to variable levies and other

[7] The maximum figures count all NIMEXE categories containing GSP items; the minimum figures count only those where the statistical categories and the GSP definitions coincide.

[8] According to art. 29 of EEC Commission Regulation 2862/71 of 22 December 1971 (defining the rules of origin for the scheme), beneficiary countries were required to notify the EEC Commission of the appropriate governmental authorities to endorse certificates of origin, and to provide specimen impressions of the stamps used, in order to benefit from the scheme. A number of beneficiary countries neglected to make such notification and thereby unwittingly precluded their exporters from preferential treatment under the 1972 scheme.

[9] The direct consignment problem in the Far East appears to have been resolved in the special arrangements introduced in the 1975 scheme granting partial cumulative-origin treatment to the ASEAN member States, as well as to the Central American Common Market and to the Andean Group.

[10] See annex I below.

non-tariff charges, the corresponding relative price advantage would appear to be about 3 per cent.

19. Finally, the total amount of tariff revenue forgone by EEC in 1972 through granting GSP preferences on processed agricultural goods is believed to have been of the order of 1.6 million u.a. (i.e. 40 million × .04). There is no way of estimating how this was divided, as among the exporters in the beneficiary developing countries, the consumers in the EEC, and the importing firms, but since the preferential margin was open-ended, it presumably provided a real—although very modest—incentive for expansion of the trade flow from the beneficiary countries.

B. Industrial products (CCCN chapters 25-99)

1. Over-all survey of the scheme

20. In the quantitative assessment of preference treatment of products falling within CCCN chapters 25-99, it is useful to proceed by stages, beginning with total EEC imports in these categories from the real beneficiaries (which, it is recalled, do not include the countries and territories already enjoying special preferential arrangements with the Community). Table 2 shows a total of 12,694 million u.a. but a large proportion of this consisted of duty-free crude petroleum.

21. After excluding from consideration the non-dutiable products for which the scheme is obviously irrelevant, the next step is to deduct the imports not covered by the scheme.[11] In 1972, these excluded goods consisted mostly of dutiable primary products and metals through the ingot stage that were deemed by the EEC to fall outside the purview of the GSP which, in their view, applied only to manufactures and semi-manufactures. Also excluded from coverage were certain manufactured products of jute and coir regarding which special negotiations were being conducted by EEC with India and Pakistan. Goods covered by the scheme accounted for 87 per cent of total dutiable imports from the beneficiaries.

22. The scope of the scheme is further narrowed by the exclusion of those covered imports originating in countries or territories which, although in the real beneficiary group, are not eligible for preferences under regulations regarding particular broad categories of products. In general, the dependent territories of non-EEC countries (such as Hong Kong and Macao) are not eligible for preferences with respect to textiles and footwear. Moreover, cotton textiles and certain other textiles products assimilated thereto have a much more restrictive list of eligible beneficiaries, namely, those countries which subscribed to the export-restraint commitments towards EEC contained in the Long-term Arrangement regarding International Trade in Cotton Textiles. In 1972, of the total of 68 beneficiary countries, only seven were recognized as beneficiaries for cotton textiles and substitute products: Colombia, Egypt, India, Jamaica, Mexico, Pakistan and the Republic of Korea. The total covered imports of cotton textiles, other textiles, and shoes covered by the scheme from all real beneficiaries amounted to 827 million u.a. with the exclusion of imports from beneficiaries ineligible with respect to these products, this amount was reduced by more than half, to 371 million u.a. From table 2 it may be seen that after these exclusions, eligible imports account for 62 per cent of dutiable imports, as compared with the 87 per cent of dutiable imports covered by the scheme.

23. More exclusions of imports from preferential treatment occurred, however, as a result of operation of the system of *a priori* limitations (constraints). It is necessary at this stage of the analysis to take up in succession the special lists of products considered by EEC to be sensitive, semi-sensitive and non-sensitive, in order to attribute the sterilized imports to the respective constraints. It is then possible to estimate the amounts of imports that were potentially preferential in terms of the operation of the system, i.e., about 580 million u.a., or 31 per cent of total dutiable imports and 50 per cent of covered and eligible imports.

24. But even these figures should be further adjusted to take account of the fact that not all the real beneficiaries were able to participate in the scheme in 1972, since some failed to notify EEC of their designated authorities for issuing origin certificates. The final adjusted estimates of potentially preferential imports (523 million u.a.) should be more or less comparable to preferences actually received, the differences being attributable partly to fortuitous factors and to errors inherent in the arbitrary assumptions underlying the estimations, and partly to more substantive factors such as failure of many shipments to qualify under the rules of origin. Actual utilization of preferences is thus likely to be substantially less than the estimated potential utilization. Unfortunately, data on actual results for 1972 are available only for the sensitive groups and without a breakdown by supplying beneficiaries. The figure of 130 million u.a. for total actual utilization of sensitive-list tariff quotas is 23 per cent less than the corresponding estimate of potentially preferential imports (169 million u.a.). If the same proportion of "slippage" were applied to the semi-sensitive and non-sensitive goods, which are also subject to strict rules of origin, the indicated figure for actual use of the scheme in 1972 for goods falling within CCCN chapters 25-99 would be about 400 million u.a.

2. The lists of sensitive products

25. Because their importation under tariff-free treatment was considered to raise sensitive problems, a number of products were subjected to strict tariff-quota procedures. For administrative reasons and because of differences in the groups of eligible beneficiaries, these were divided into four lists, as follows:

(*a*) General industrial products (not falling under the other three lists specified below);[12]

(*b*) Iron and steel products subject to the European Coal and Steel Community (ECSC);[13]

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[11] The term "covered by the scheme" includes imports into EEC of all products for which treatment is envisaged with respect to any beneficiary under the scheme.

[12] EEC Council Regulation 2794/71.

[13] EEC Council Decision, 71/403/CECA.

TABLE 2

EEC imports from beneficiaries of products falling within CCCN chapters 25-99 in 1972

	A. From all real beneficiaries							*B. From notifying beneficiaries*					
	Millions of u.a.[a]		*Percentages*					*Milions of u.a.*[a]		*Percentages*			
Total Imports		12 694	100					4 315	100				
Of which, dutiable under MFN		1 859	15	100				1 717	40	100			
Of which, covered by 1972 scheme		1 616	13	87	100			1 550	36	90	100		
Of which, from eligible beneficiaries		1 159 *	9	62	72	100		1 067 *	25	62	69	100	
General industrial		746 *				64		665 *				62	
Iron and steel (ECSC)		42 *				4		42 *				4	
Cotton textiles	(441)	80 *				7	(440)	80 *				8	
Other textiles and footwear	(386)	291 *				25	(379)	280 *				26	
By degree of sensitivity:													
Sensitive lists		676 *				58		628 *				59	
Semi-sensitive lists		116 *				10		114 *				11	
Non-sensitive (residual)		367 *				32		325 *				30	
Of which, potentially preferential (est.)		580	5	31	36	100		523	12	30	34	100	
General industrial		471				81		420				80	
Iron and steel (ECSC)		15				3		15				3	
Cotton textiles		15				3		15				3	
Other textiles and footwear		79				14		73				14	
By degree of sensitivity:													
Sensitive lists		182				31		169				32	
Semi-sensitive lists		54				9		52				10	
Non-sensitive (residual)		344				59		302				58	
Of which, actually received preference								..					
Sensitive lists								130					
General industrial								70					
Iron and steel (ECSC)								5					
Cotton textiles								10					
Other textiles and footwear								45					
Semi-sensitive lists								..					
Non-sensitive lists								..					

Source: UNCTAD secretariat calculations from EEC trade statistics (NIMEXE).

[a] Amounts in parentheses refer to imports of all products covered by the scheme; amounts followed by an asterisk refer to products covered by the scheme and imported from beneficiaries eligible for preferences with respect to cotton and other textiles and footwear.

(*c*) Cotton textiles and assimilated substitute products; [14]

(*d*) Other textiles and footwear. [15]

26. The sensitive goods accounted for 58 per cent of the total EEC imports from real beneficiaries in 1972 of the industrial products falling within CCCN chapters 25-99 covered by the EEC scheme and eligible for preferential treatment. They are of special analytical interest, not only because of their significance in the total EEC imports from beneficiaries, but also because of the complexity of simultaneous application of several kinds of constraints and the interaction of member State administration and Community administration of preferential imports under the tariff quotas.

27. The over-all ceiling or, in the case of the sensitive goods, the Community tariff quota (henceforth abbreviated to *CQ*) is the most restrictive element in the sense that its size determines the relative stringency or liberality of the other constraints the exporting-country maximum amounts (*MA*) and the member State shares (*MSS*) which are functionally derived from it. The *MA* is defined, depending on the product, as 20, 30 or 50 per cent of the *CQ*, and is intended to serve as an automatic criterion of "competitiveness", limiting the access of the major supplying countries to the quota and thereby (at least theoretically) extending the quota for the benefit of the minor suppliers. The *MSS* are calculated in terms of fixed percentages of the *CQ* for the four member State markets,[16] but the absolute amounts are prescribed in value or

[14] EEC Council Regulation 2796/71.

[15] EEC Council Regulation 2798/71.

[16] France, Federal Republic of Germany, Italy and Benelux.

tonnage terms. The percentage key was based on an average of several indicators of economic size intended to serve as a criterion of equitable burden-sharing among member States; it had no relationship to traditional or projected market patterns for the respective products. Since there was no allowance for a Community reserve in the tariff quotas prescribed for 1972, the reaching of an *MSS* limit automatically resulted in the restoration by the member State concerned of the full MFN rate on imports of the product in question (from all beneficiaries) for the remainder of the year.

28. Where sensitive list goods are concerned, the *CQ* is expressed as the sum of the four *MSS*, and would only be effective when the last of these was exhausted. Therefore, the *CQ* is redundant and does not operate as an independent constraint. However, since it could become effective if the *MSS* system were abolished or liberalized (e.g. by establishment of a Community reserve quota), it is treated in this analysis as though it were a separate constraint, and there is attributed to the *MSS* only the additional sterilization of imports associated with the fact that the tariff quotas are applied separately in the member States.

29. Since the *MA* constraint is also a more fundamental element of the EEC scheme than the *MSS*, priority has been given to it in the attribution of those imports that would be sterilized under several constraints at once. The precise method whereby double counting in the estimation of sterilized imports has been avoided is described in the methodological note given in annex V below. In effect, the estimating model assumes that all import flows occur at a constant rate through the year. Although unrealistic, this provides a neutral estimate of potentially preferential trade and is better than no information at all. Moreover, to the extent that actual figures on utilization of preferences are available, their deviation from the estimated norm may call attention to special factors.

30. Table 3 presents a synoptic view of the process whereby the relatively large amount of 676 million u.a. of 1972 imports of sensitive list goods covered by preferences and exported from eligible beneficiary countries was reduced by about four-fifths and resulted in only about 130 million u.a. of actual preferential duty-free imports. The three constraints together accounted for a reduction of about 73 per cent. Most of this (63 per cent) has been attributed to the *MA* constraint, as explained above. The apparently smaller marginal effects of the *CQ* and/or *MSS* constraints understate their importance as factors frustrating the potential advantages of the scheme, since these constraints mainly affected imports from those smaller suppliers whom the *MA* limitation was supposed to help.

31. After deduction of the large amount (493 million u.a.) of imports that would theoretically have been excluded from preferential treatment by the operation of the three constraints (*MA, CQ, MSS*), there remained 183 million u.a., or 27 per cent of the total covered and eligible goods on the sensitive lists that were potentially preferential. However, this was reduced by some 13 million u.a. by the fact that a number of beneficiaries neglected to notify EEC of their certifying authorities and thus disqualified themselves from participation in the scheme in 1972. The remaining difference of 40 million u.a. between predictable and actual utilization of preferences is due partly to random estimating errors attributable to the simplified assumptions of the model. Mostly, however, it appears to reflect failure to meet the EEC's origin requirements and/or other failures of the importers or exporters to follow the requisite procedures in claiming preference.

32. The detailed data in annex II, section I, show that particularly wide differences between the potential and actual quota utilizations occurred in certain items such as goat leather (No. 11), leather apparel (15), plywood (17), plaiting materials (18), radios (38) and gramophones (45). Hong Kong, Singapore, the Republic of Korea and other Far Eastern countries were major exporters of these goods, a large portion of which were probably disqualified from preferences under the direct-consignment rule or under the rules prescribing processing requirements. On the other hand, in the case of fine oriental carpets (see annex II, section V, item 10), it seems possible that importers simply did not care to follow the administrative procedures necessary in order to claim the preference in view of the low *ad valorem* equivalent of the MFN tariff on the highest-valued rugs.

33. Table 4 gives a different arrangement of data (again from the detailed figures contained in annex II), starting with the tariff quotas, equivalent to about 367 million u.a., and explains why the actual utilization was only 35 per cent of that amount. The major factor was the wasting [17] of 36 per cent of the quotas through operation of the constraints, as indicated in table 3. Only 14 per cent of the quotas remained unutilized because of an insufficiency of supply. [18] Failure to notify names of certifying autorities, problems with the origin rules, etc., accounted for the remaining portion of the unutilized quotas.

34. That part of the slack that results from wasted quotas is an indication of the degree to which the *MA* and *MSS* limitations cut across and thereby reduce the effective size of the over-all quota (*CQ*). The potential penetration of imports from beneficiaries in to the EEC market is thus severely restricted to much less than the opportunities ostensibly offered. Table 4 shows that this was the principal reason for the non-utilization of quotas in 1972.

35. On the other hand, the proportion of slack in the quotas attributable to insufficient imports indicates the relative adequacy—or inadequacy—of the quotas in the matter of allowing room for a growth in trade, including not only normal growth but also whatever growth may be stimulated by preferences. The amount of this kind of slack shown by table 4 can be considered very small and badly distributed. Indeed, total 1972 imports were below the over-all quotas for only 16 of the 52 product groups on the general industrial sensitive list and in only five of

[17] A quota is considered wasted to the extent that its unutilized slack corresponds to imports sterilized by the constraint mechanism of the system.

[18] Lack of supply is measured by the amount, if any, by which recorded imports of the product are less than the quota.

TABLE 3

Analysis of 1972 EEC imports of sensitive list products falling within CCCN chapters 25-99

Product groups	*Total imports from elegible beneficiaries*		*Non-preferential (MFN) imports*										*Actual preferential imports under tariff quotas*	
			Preferences sterilized by operation of a priori *limitations*						*Potential but not actual preferential imports*					
			Maximum amount constraint (MA)		*Quota (ceiling) constraint (CQ)*		*Member State share constraint (MSS)*		*Failure to notify names of certifying authorities*		*Other (rules of origin etc.)*			
	Millions of u.a.	*Per-centage*	*Millions of u.a.*	*Per-centage*	*Millions of u.a.*	*Per-centage*	*Millions of u.a.*	*Per-centage*	*Millions of u.a.*	*Per-centage*	*Millions of u.a.*	*Per-centage*	*Million of u.a.*	*Per-centage*
I. General industrial (EEC Council Regulation 2794/71)	319	100	206	65	10	3	11	3	12	4	10	3	70	22
II. Iron/steel (ECSC Decision 71/403/CECA)	39	100	23	60	—	—	3	7	..	..	8	20	5	13
III. Footwear (EEC Council Regulation 2798/71)	19	100	11	60	1	3	1	5	..	..	1	6	5	26
	Tons (Millions of u.a.)		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*	
IV. Cotton Textiles (EEC Council Regulation 2796/71)	37,902 (52)	100	27,485 (38)	73	864 (1)	2	1,166 (2)	3	—	—	772 (1)	2	7,615 (10)	20
V. Other textiles (EEC Council Regulation 2798/71)	40,972 (247)	100	25,639 (148)	63	562 (3)	1	5,114 (35)	13	551 (1)	1	2,569 (20)	6	6,537 (40)	16
TOTAL "sensitive" lists	676	100	426	63	15	2	52	8	13	2	40	6	130	19

Source: Annex II.

NOTE. Value figures shown in parentheses are indicative only, and reflect approximate conversions from tonnage data.

TABLE 4

Analysis of utilization of tariff quotas for sensitive list products falling within CCCN chapters 25-99

	Total tariff quotas		Unutilized tariff quotas						Actual utilization of tariff quotas	
			« Wasted » quotas		Lack of supply		Failure to notify names of certifying authorities satisfy origin rules, etc.			
Product groups	Millions of u.a.	Percentage	Millions of u.a.	Percentage	Millions of u.a.	Percentage	Millions of u.a.	Percentage	Millions of u.a.	Percentage
I. General industrial (EEC Council Regulation 2794/71)	183	100	53	29	38	21	22	12	70	38
II. Iron/steel (ECSC Decision 71/403/CECA)	28	100	9	32	7	25	7	25	5	18
III. Footwear (EEC Council Regulation 2798/71)	10	100	3	33	1	5	1	12	5	50
	Tons (Millions of u.a.)		Tons (Millions of u.a.)		Tons (Millions of u.a.)		Tons (Millions of u.a.)		Tons (Millions of u.a.)	
IV. Cotton textiles (EEC Council Regulation 2796/71)	11,030 (15)	100	1,544 (2)	14	1,099 (2)	10	772 (1)	7	7,615 (10)	69
V. Other textiles (EEC Council Regulation 2798/71)	22,500 (131)	100	10,718 (66)	48	2,125 (4)	9	3,120 (21)	14	6,537 (40)	29
TOTAL sensitive lists	367	100	133	36.5	52	14	52	14	130	35.5

Source: Annex II.

NOTE. Value figures shown in parentheses are indicative only, and reflect approximate conversions from tonnage data.

these cases (medium oils, motors, bicycles, microscopes and gramophone records) was there no apparent risk of the *MA* or *MSS* constraints becoming effective. In these cases, indeed, it may even be wondered why the products were considered so sensitive as to warrant strict tariff quota procedures.

36. Even if there were no *MA* or *MSS* constraints, the growth of over-all quotas in the EEC system tends to be less and less adequate to absorb the normal growth of trade in most goods for which the beneficiary countries have a comparative advantage. This is because of the time-lag built into the general formula for determining amounts of over-all quotas or ceilings.[19] In 1972, the tariff quotas for general industrial goods and shoes were mostly calculated as the sum of 1968 imports from the real beneficiaries (basic amount) plus 5 per cent of 1969 imports from non-beneficiaries (supplementary amount). Textile quotas and quotas for iron and steel (ECSC) were generally based on 1968 data for both the basic and supplementary amounts, except that in the case of cotton textiles there was no provision at all for a supplementary amount to absorb some of the normal growth of trade.

[19] See document TD/B/C.5/3*, paras. 104-111, for an algebraic analysis of the formula and the effect of time lags.

37. Although the over-all size of the Community tariff quotas or ceilings in relation to imports from beneficiaries in the various product groups is a significant indicator of the general liberality or illiberality of the EEC scheme, such judgements must be modified to take account of the effects of the *MA* and *MSS* constraints. In a number of cases, application of the *MA* constraint against one or two major suppliers operated in accordance with the competitiveness rationale so as to expand the availability of the remaining tariff quota and make it open-ended to minor suppliers. Examples in the general industrial list include such items as plastic travel goods (No. 12), protective gloves (14), basketry (19), wigs (22), china and glassware (24, 25), imitation jewellery (27), sewing machines (32), dry cells (36), chairs and other furniture (47, 48), and dolls, toys and carnival goods (49, 50, 51). On the other hand there were a number of other items where the waste of quotas through operation of the *MA* against a major supplier could have had no compensating advantage for minor suppliers, since there were no competitors of any significance. Application of the low *MA* percentage (20 per cent) in such cases appears only to have served the purpose of reducing the effective size of the quota by about 80 per cent. Examples are urea (No. 6), kraft paper (20), sheet zinc (30), flashlights (37), watch cases (44) and vacuum flasks (52).

38. Application of the *MSS* constraint affects quota availability in analogous ways, except that, as already

pointed out, it tends to negate the competitiveness rationale (*MA*) by affecting minor suppliers relatively more than the major suppliers, which are already subject to the *MA*. In conjunction with the other constraints, the *MSS* appears to add a final element of unpredictability or capricious chance to the problems of obtaining free entry under the scheme. However, the utilization of the *MSS* is also affected by differences in the procedures followed by the varions member States in implementing the tariff quotas, and perhaps also by differences in the organization of the import trade.

39. The effects of some of these factors can be inferred from table 5, summarizing the results of an analysis of theoretical and actual performance in 1972 with respect to the *MSS* constraint. (The analysis is limited to the general industrial list.) A comparison of lines 1 and 2 in the table shows that the distribution of the *MSS* according to the so-called "burden sharing" key clearly had little relationship to the distribution of imports of sensitive list products covered by preferences, except—accidentally—in the case of Benelux.

40. Line 3 of table 5 shows potentially preferential imports for the year, based on the model which assumes a smooth pro-rata distribution of imports through the year in each of the member States. This provides a neutral standard in terms of which to interpret the distribution of those imports that actually received preferential treatment (line 4). It may be recalled that line 4 can be expected to contain somewhat smaller figures than line 3 because of problems with *inter alia*, the origin rules. This is borne out in the cases of the Federal Republic of Germany and Benelux, but in fact the estimated and actual amounts are approximately the same in the case of France, while in that of Italy actual utilization of the *MSS* was greater than predicted. Both Benelux and the Federal Republic of Germany, on the other hand, showed relatively less favourable results than expected. The real significance of these findings is a matter for conjecture. Perhaps importing firms in Italy followed especially effective preference-maximizing strategies. There may also have been differences among the member States in the strictness with which the origin rules were applied, as well as in the administration of preferential imports.

41. Some light may be thrown on these questions by

TABLE 5

Utilization of member State shares of Community tariff quotas in 1972

(General industrial sensitive list)

	Federal Republic of Germany		*Benelux*		*France*		*Italy*		*Total EEC*	
	Millions of u.a.	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*
1. Total member State share (*MSS*)	69		28		49		37		183	
as percentage of EEC total		37.5		15.1		27.1		20.3		100
2. Total imports from notifying beneficiaries	164		40		37		50		291	
as percentage of EEC total		56		14		13		17		100
3. Estimate of "potentially preferential" imports	36		13		10		21		80	
as percentage of EEC total		45		16		13		26		100
4. MSS actually utilized	30		8		10		22		70	
as percentage of total EEC		42		12		14		32		100
as percentage of total *MSS*		43		29		20		59		37
as percentage of total imports		18		20		27		44		24
5. Coefficient of correlation		*r*		*r*		*r*		*r*		*r*
potentially preferential imports *vs.* actual utilization (52 product groups)		0.74		0.64		0.76		0.99		0.91
6. Factor limiting preferential access to tariff quota:		*No. of product groups*		*No. of product groups*		*No. of product groups*		*No. of product groups*		
Theoretical:										
MSS reached		14		5		4		9		
Lack of qualified imports (after *MA*)		38		47		48		43		
		52		52		52		52		
Actual:										
MSS reached		1		2		5		7		
Lack of qualified imports (after *MA*)		51		50		47		45		
		52		52		52		52		

Source: UNCTAD secretariat calculations.

the differences in the correlation between estimated potentially preferential trade for the 52 product groups on the one hand, and the actual results on the other hand. For the EEC as a whole the estimations are fairly well correlated with the actual data. For Italy, the correlation is very high and for Benelux it is low. It is possible that the relative unpredictability of performance in Benelux as compared with the model can be explained partly by the more or less extra-territorial transit and warehousing operations of Dutch or Belgian importing firms, which may have caused a lack of correspondence between trade statistics and the recorded utilization of tariff quotas.[20] Whereas it would have been expected that the *MSS* limit for the Federal Republic of Germany would be reached in 14 out of the 52 products in 1972, in fact the MFN tariff had to be reimposed only on one product. However, it can be surmised that substantial stocks were withheld from customs clearance in that country until after the beginning of the 1973 quota year, since a number of *MSS* limits were reached as early as in January and February of that year.

42. The average margin of preference on the sensitive list goods, weighted by actual preferential imports, is estimated to have been about 9.4 per cent, indicating a total of about 12 million u.a. in customs revenue forgone. Since most of the quotas were either closed-ended or likely to be closed-ended, it is probable that the preferences were insufficient to stimulate a significant expansion or shift in trade in favour of beneficiary countries as a whole. According to trade circles, however, there may have been some incentive for importers to diversify their sources somewhat in favour of minor or newcomer suppliers.

3. The lists of semi-sensitive products

43. The EEC scheme makes no reference to any semi-sensitive categories. These product categories are intermingled with the non-sensitive products. They are, however, identified in unpublished memoranda of the EEC Commission, and they can also be identified by reference to the working-tariff (*"tarif d'usage"*, *"Gebrauchszoll"*) documents of member States.

44. Whereas the scheme refers only to the general formulae for calculation of the ceilings from trade statistics of the reference years for the "basic" and "supplementary" elements of the ceiling, the absolute amounts of the *a priori* limitations are specified in terms of u.a. and tons (in the case of textiles) in the unpublished Commission memoranda on which the system of special surveillance is based. Member State authorities are required to report preferential imports of these goods to the Commission on a current basis, from Customs information. When the Community-wide ceiling or maximum amount is approached, the Commission consults urgently with member States with a view to reimposing the MFN tariff. This usually occurs, but, since the procedure is looser than in the case of the tariff quota system applied to sensitive goods, the ceiling is usually exceeded by about 10-20 per cent. No information is available to the public either on the precise figures for the ceilings and *MA*s or about the extent to which they have been utilized, apart from the eventual announcement by the Commission of the effective date for reinstatement of MFN tariffs. Even when some information is obtainable through informal arrangements, for example from trade associations, interested parties operate under conditions of considerable uncertainty as to whether or not they can expect to receive preferential treatment.

45. The fact that no *MSS* constraint is applied to semi-sensitive goods at least removes as regards those goods, what is one of the major causes of the non-utilization of preferences in the case of the sensitive categories subject to tariff quotas.

46. Table 6 presents an analysis of 1972 imports of semi-sensitive goods similar to that in table 3, except that in the case of semi-sensitive goods nothing is known of the actual utilization of preferences and therefore all that can be offered is the calculated estimates of potentially preferential imports from all real beneficiaries and from those which did not neglect to qualify for participation in the scheme in 1972 by timely notification with respect to their certifying authorities. It will be noted that approximately 50 per cent of the value of imports of all semi-sensitive products appear to be sterilized by the *MA* and about 4 per cent by the ceiling (*CQ*). The *MA* affects the "other textile" category very severely (85 per cent of imports).

47. Table 7, like table 4, attempts to bring out the reasons for the theoretical non-utilization of ceilings. (It is not known to what extent actual over-utilization of certain ceilings offsets the expected under-utilization resulting from problems with the origin rules). It is interesting to note that a much smaller proportion (13 per cent) of the ceilings of semi-sensitive goods were wasted us a result of the constraints than was the case with respect to quotas on sensitive goods. On the other hand, a much large proportion of the ceilings (34 per cent) was not utilized because of insufficiency of available imports. Clearly, there were substantially more theoretically open-ended opportunities for expansion of trade in the semi-sensitive categories. However, because of the uncertainty over the status of these goods and the frequency of unpleasant surprises, it is questionable to what extent the potential advantages of preferences were really exploitable.

48. Among the semi-sensitive products in the general industrial category, imports of which in 1972 were substantially below the ceilings, and with respect to which there was apparently no danger of application of the *MA*, the following may be mentioned: cement, bromides, transmission belts, reconstituted wood, cork products, hair, slate, miscellaneous stone, unglazed tiles, fine tableware, iron and steel strips, copper plates, sprayers, circuit breakers, electronic tubes, electrical instruments, sound heads and pens. A similar situation prevailed for rails in the ECSC category. On the other hand, the *MA* applied in all the products of the "other textiles" group. It is difficult to evaluate to what extent there was really an insufficiency of available imports of cotton textiles, given the fact that these products may be subject to additional

[20] For example, in the case of semi-conductors (No. 39) trade statistics showed only 100,000 u.a. of total imports into Benelux, but 193,000 u.a. were charged against the Benelux *MSS*.

TABLE 6

Analysis of 1972 EEC imports of semi-sensitive list products falling within CCCN chapters 25-99

			Non-preferential (MFN) imports						*Potentially preferential imports*				
			Preferences sterilized by scheme										
	Total imports from elegible beneficiaries		*Maximum amount constraint (MA)*		*Ceiling constraint (CQ)*		*Failure to notify names of certifying authorities*		*A Real beneficiaries*		*B Notifying beneficiaries*		*Average tariff*
Product groups	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	
I. General industrial (EEC Council Regulation 2795/71)	95.6	100	43.6	46	4.2	4	2.2	2	47.8	50	45.6	48	8.0
II. Iron/steel (ECSC Decision 71/404/CECA)	2.8	100	1.3	45	—	—	—	—	1.5	55	1.5	55	5.2
III. Footwear (not on semi-sensitive list)													
	Tons (Millions of u.a.)		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		
IV. Cotton textiles (EEC Council Regulation 2797/71)	478 (2.0)	100	269 (0.9)	56	5 (0.1)	1	—	—	204 (1.0)	43	204 (1.0)	43	13.5
V. Other textiles	3,711 (15.1)	100	3,155 (11.6)	85	6 (0.1)	—	6 (0.1)	—	550 (3.4)	15	544 (3.3)	15	13.0
TOTAL semi-sensitive lists	(115.5)	100	(57.4)	50	(4.4)	4	(2.3)	2	(53.7)	46	(51.4)	44	8.3

Source: UNCTAD secretariat calculations based on EEC trade statistics (NIMEXE).

NOTE. Value figures shown in parentheses are indicative only, and reflect approximate conversions from tonnage data.

TABLE 7

Analysis of potentially preferential imports within ceilings for semi-sensitive list products falling within CCCN chapters 25-99

			Estimated unutilized ceilings						*Potentially preferential imports within ceilings*			
	Total ceilings		*Wasted ceilings*		*Lack of supply*		*Failure to notify names of certifying authorities*		*A Real beneficiaries*		*B Notifying beneficiaries*	
Product groups	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*
I. General industrial (EEC Council Regulation 2795/71)	89.9	100	11.6	13	30.5	33	2.2	3	47.8	53	45.6	51
II. Iron/steel (ECSC Decision 71/404/CECA)	3.3	100	0.3	9	1.5	44	—	—	1.5	47	1.5	47
III. Footwear (not on semi-sensitive list)												
	Tons (Millions of u.a.)		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*		*Tons (Millions of u.a.)*	
IV. Cotton textiles (EEC Council Regulation 2797/71)	715 (3.7)	100	40 (0.1)	6	471 (2.6)	66	—	—	204 (1.0)	28	204 (1.0)	28
V. Other textiles (EEC Council Regulation 2799/71)	618 (4.2)	100	68 (0.8)	11	— (—)	—	6 (0.1)	1	550 (3.4)	89	544 (3.3)	88
TOTAL semi-sensitive lists	(101.1)	100	(12.8)	13	(34.6)	34	(2.3)	2	(53.7)	53	(51.4)	51

Source: UNCTAD secretariat calculations based on EEC (NIMEXE) trade statistics.

NOTE. Value figures shown in parentheses are indicative only, and reflect approximate conversions from tonnage data.

constraints under the Long-Term Arrangement Regarding International Trade in Cotton Textiles.

49. Weighted by potentially preferential imports from "notifying" beneficiaries, the average margin of preference for goods on the "semi-sensitive" lists was about 8.3 per cent *ad valorem*. The amount of customs revenue forgone was about 4 million u.a.

4. The lists of non-sensitive products

50. There is no explicit list of non-sensitive products contained in the scheme, such products being mingled with the semi-sensitive products discussed in the preceding section. In effect, the non-sensitive lists are simply residual categories consisting of all those products in CCCN chapters 25-99 which are (*a*) covered by the scheme and (*b*) not expressly designated in the published sensitive list or in the unpublished semi-sensitive list. The real distinction relates to the probability that the system of *a priori* limitations will be enforced. In the case of sensitive goods, strict tariff-quota procedures ensure immediate suspension of preferential treatment as soon as any one of the three types of limitation is reached. Semi-sensitive goods are subject to special surveillance, which, although somewhat less stringent than formal tariff quotas, normally results in restoration of the MFN tariff towards a major supplier or all real beneficiaries shortly after exhaustion of the maximum amount or over-all ceiling. Indeed, in 1972, duties were re-established for 31 semi-sensitive product categories; in 12 of these cases, the suspension affected all beneficiaries. Non-sensitive goods are also theoretically subject to these constraints, but the Commission of the European Communities has frequently indicated that, for most of these products, ceilings and maximum amounts would be neither calculated nor administered.

51. To the extent that the probability of application of the quantitative limitations to non-sensitive goods is expected to be very low, there is little practical difference between the operation of the EEC scheme and that of any other scheme relying on the escape-clause mechanism. Alternatively, the ceilings and maximum amounts may be considered to be open-ended, in the sense that incremental exports from beneficiaries to the Community are expected to receive, and do in fact receive preferential duty-free treatment. Only when these conditions are met can preferences induce a significant increase in trade in favour of the beneficiaries.

52. As it happened, in 1972 preferential free entry was suspended with respect to only one non-sensitive (non-textile) industrial product, namely zinc oxide from Yugoslavia, and in that case the suspension was only briefly in effect, from 22 December to the end of the year. Judging from this experience, the probability of open-endedness would appear to be quite high for such goods, and this would presumably affect incentives favourably during subsequent periods, provided, of course, that the EEC did not meanwhile exercise its option to transfer the products to a list of higher sensitivity. On the other hand, treatment actually accorded in 1972 to so-called non-sensitive cotton textiles and substitutes turned out to be much less liberal, since six product categories were subjected to suspensions. Importers of these products, who might have expected tolerance from the authorities on the basis of the informal assurances with respect to treatment of goods not designated as sensitive or semi-sensitive, must have been unpleasantly surprised when the quantitative limits were invoked. However, in view of the fact that cotton textiles were also subject to quantitative self-restraint arrangements, preferential access to the Community market might not have been open-ended anyway. It seems questionable whether preferences had any favourable trade effects at all in that category. The Customs revenue forgone by the member States was presumably appropriated by the importing firms, which had little, if any, incentive to pass a portion back to the exporters in the beneficiary countries.

53. The approximate monetary values of 1972 imports of the various classes of non-sensitive goods covered by the scheme and imported from eligible suppliers are shown in table 8, together with the estimated amounts of such imports for which the preferential treatment might have been sterilized through operation of the maximum-amount or ceiling constraints. Once again, the residual amounts shown as potentially preferential imports undoubtedly greatly overstate the volumes actually imported into the Community under preferential treatment in 1972. In addition to the allowance to be made for the failure of a number of real beneficiaries to notify EEC of their certifying authorities, further allowance, of unknown magnitude, must be made for non-compliance with other aspects of the rules of origin. In many cases, moreover, the preference theoretically available was simply not claimed, perhaps because of ignorance of the opportunities offered by the scheme or because the preferential margin may have been considered insufficient to justify fulfilment of the documentary and other procedural requirements.

54. In spite of the fact that potentially preferential imports were undoubtedly much greater than actual preferential imports of "non-sensitive" goods, a product-by-product and country-by-country analysis in terms of the potentially preferential trade flows is of special interest as an indication of the types of goods with respect to which the scheme offers "open-ended" opportunities for a real expansion of trade. Annex III lists all such imports into EEC from the real beneficiaries for which the 1972 statistics show more than 500,000 u.a. under a 4-digit CCCN heading.

55. It will be observed that relatively few of the items shown would normally be considered to be characteristic developing-country export products. Most of them, indeed, appear to be more typical of countries already enjoying a fairly high stage of industrialization (e.g. chemicals, metallic articles and machinery and equipment). It is also significant that Yugoslavia was the principal supplier for about half of the items listed, followed by Brazil, Hong Kong and Mexico.

56. The appearance in annex III of aircraft parts (CCCN chapter 88.03), shown as imported mainly from Lebanon, is obviously incongruous. The imports in question were clearly not of Lebanese manufacture and probably represented equipment being returned to Europe for repair. Further inspection of the list reveals

TABLE 8

Analysis of 1972 EEC imports of non-sensitive list products falling within CCCN chapters 25-99

			Non-preferential (MFN) imports						*Potentially preferential imports*			
			Preferences sterilized by scheme									
	Total imports from elegible beneficiaries		*Maximum amount constraint (MA)*		*Ceiling constraint (CQ)*		*Failure to notify names of certifying authorities*		*A Real beneficiaries*		*B Notifying beneficiaries*	
Product groups	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*	*Millions of u.a.*	*Percentage*
I. General industrial (EEC Council Regulation No. 2795/71)	331	100	..	..	—	—	37	11	331	100	294	89
II. Iron/steel (ECSC Decision 71/404/CECA)	..	..	—	—	—	—	..	..	..	..	..	..
III. Footwear (EEC Council Regulation No. 2799/71)	(included in V below)											
IV. Cotton textiles (EEC Council Regulation No. 2797/71)	26	100	22	84	1	4	—	—	(3)	12	(3)	12
V. Other textiles (EEC Council Regulation No. 2799/71)	10	100	—	—	..	..	(5)	50	(10)	100	(5)	50
TOTAL non-sensitive lists	367	100	22	6	1	..	42	12	344	94	302	82

Source: UNCTAD secretariat calculations based on EEC trade statistics (NIMEXE).

a number of other products unlikely to be imported into EEC under the scheme because they could hardly be in compliance with the present rules of origin.

57. Attention is called to the column in annex III showing the applicable tariff rates provided for in the EEC Common External Tariff, which generally correspond to the margins of preference available to the beneficiaries. (In a few cases, the MFN tariff may in fact have been suspended for reasons not connected with generalized preferences.) The average tariff for the non-sensitive industrial goods other than textiles is estimated from annex III to have been about 7.4 per cent, *ad valorem*, apparently somewhat less than the average tariffs applicable to corresponding categories of semi-sensitive and sensitive goods (although the calculations are not strictly comparable). In any case, the scheme's advantages are unlikely to have been utilized for those products having MFN tariffs at the lower end of the range.

Chapter II

POTENTIALLY PREFERENTIAL IMPORTS FROM INDIVIDUAL BENEFICIARY COUNTRIES AND GEOGRAPHICAL REGIONS

A. Imports from real beneficiaries

58. Thus far the analysis has been conducted in terms of the various categories of products distinguished in the EEC scheme in order to illustrate its *modus operandi* and to show, for example, how the restrictiveness of the system of limitations varies according to the sensitivity and other characteristics of the products. Turning to the geographical breakdown, it will be seen that the differences in the degree to which the various supplying countries could have benefited from the scheme in 1972 were determined by the existing levels and commodity compositions of their respective exports to EEC.

59. Since no information has been made available by EEC on the preferences actually received by individual countries or regions, the analysis continues to be hypothetical, aiming at a step-by-step estimation of that portion of the actual imports into EEC that were potentially preferential on the assumption that all opportunities were seized and disregarding the probable non-compliance of numerous shipments with the rules of origin and procedural requirements. However, in tables 9, 10 and 11, a distinction is still drawn between the group of all real beneficiary countries (those not benefiting from special preferences under EEC association agreements) and the sub-group of real beneficiaries which qualified for preferential treatment in 1972 by virtue of timely notification of the names of their certifying authorities. The broader definition is of more interest in analysing the potential impact of the scheme, but elimination of the non-notifying countries gives a somewhat more accurate picture of the actual preferences received in 1972. Even with this correction, however, the estimates shown for potentially preferential trade are still undoubtedly much too high. For example, the figures for processed agricultural products in CCCN chapters 1-24 represent the upper limits of a very wide range (8 to 69 million u.a.) within which it was impossible to identify in trade statistics the precise classifications covered by the scheme. Other factors already discussed have inflated the figures for the industrial goods in CCCN chapters 25-99. In general, it may be suggested that realistic estimates of actual preferential imports in 1972 might be about one-half the figures for potential preferences shown in the tables. In any case, the individual country data should be viewed only as indicative maxima.

60. Table 9 summarizes by regional groupings the detailed country-by-country information appended in the tables in annex IV. Although the global totals of the country breakdowns should theoretically harmonize exactly with the product totals in tables 2-8, it has not been possible to eliminate a few relatively minor discrepancies.

61. The most striking general feature to be observed from the geographical data is the high degree of concentration of the potential benefits of the 1972 scheme in a few countries. Ten countries or territories[21] together accounted for 533 million u.a., i.e., 90 per cent of total potentially preferential imports from notifying beneficiaries, or 82 per cent of those from all real beneficiaries. This high relative share in the total benefits of the scheme occurred despite the fact that the ten countries include those whose preferential treatment was most frequently and drastically reduced by the operation of the system of limitations and notably by the maximum amount (*MA*) constraint, which was expressly designed to limit the shares of major suppliers in the preferential trade. In general, however, the preferences taken away from the major suppliers did not significantly increase the opportunities of the minor suppliers, mainly because of the relatively small flow of dutiable imports covered by the scheme from the latter. This is brought out in the following region-by-region survey.

1. AFRICA[22]

62. Clearly, generalized preferences offer relatively little potential advantage to most of the eleven African countries which could have participated in the scheme in 1972. Even the low figure of 21 million u.a. of imports shown as potentially preferential is misleading, since about half is accounted for by Algeria and the Libyan Arab Republic. The former was in an anomalous position in 1972; although not formally associated with EEC, it

[21] Yugoslavia, Brazil, Hong Kong, Iran, India, Argentina, Republic of Korea, Mexico, Singapore and Pakistan.

[22] See annex IV, table A.2.

TABLE 9

Regional summary: EEC imports in 1972 from beneficiaries of the scheme

(In millions of units of account)

Country groupings and CCCN chapters (1)	Total imports (2)	Dutiable (3)	Covered by scheme (4)	Eligible (5)	Potentially preferential (6)
Real beneficiaries					
Africa (excluding LDDC)					
1-24	182	131	1	1	1
25-99	3 513	88	38	38	20
1-99	3 695	219	39	39	22
Asia (excluding LDDC)					
1-24	512	318	12	12	12
25-99	6 268	493	415	404	166
1-99	6 779	811	427	417	178
Europe					
1-24	223	206	22	22	22
25-99	700	544	510	386	204
1-99	923	750	532	408	226
Latin America					
1-24	2 131	1 771	37	37	37
25-99	1 358	279	219	181	124
1-99	3 488	2 049	257	218	162
Least developed					
1-24	87	40	2	2	2
25-99	96	20	10	10	7
1-99	183	60	13	12	10
Territories					
1-24	113	101	1	1	1
25-99	760	434	424	135	55
1-99	873	536	425	137	56
TOTAL, real beneficiaries					
1-24	3 248	2 567	76	76	76
25-99	12 694	1 858	1 616	1 153	576
1-99	15 942	4 425	1 693	1 230	652
Of which: Notifying beneficiaries					
1-24	2 664	2 095	69	69	69
25-99	4 315	1 714	1 546	1 086	522
1-99	6 980	3 810	1 615	1 155	591
Nominal beneficiaries (special preferences)					
EEC-associated States in Africa (excluding LDDC)					
1-24	1 030	981	27	(not applicable	
25-99	1 086	167	125	to nominal	
1-99	2 115	1 147	152	beneficiaries)	
EEC-associated States (LDDC)					
1-24	106	81	2		
25-99	98	3	2		
1-99	204	84	4		
Territories dependent on States members of EEC					
1-24	16	15	..		
25-99	162	42	4		
1-99	178	57	4		
TOTAL, nominal beneficiaries					
1-24	1 152	1 077	29		
25-99	1 346	212	131		
1-99	2 497	1 288	160		

Source: Tables in annex IV.

Note: Owing to roundings, figures do not always add up to totals given.

TABLE 10

Estimated operation of *a priori* limitations (constraints) on EEC imports in 1972 from selected beneficiaries in Asia [a]

(CCN chapters 25-99)

	Import into EEC			*Trade flows (Sensitive and semi-sensitive products)*		
	Total eligible	Of which: *potentially preferential*	*Percentage (2)/(1)*	*Total*	Of which *open-ended preferential* [b]	*Percentage (5)/(4)*
	(Millions of u.a.)			*(Number of products)*		
	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Iran	153.5	39.8	26	40	11	28
Republic of Korea	71.1	25.6	30	80	41	51
India	53.2	30.0	56	96	51	53
Singapore	43.2	20.9	48	53	33	62
Pakistan	35.8	16.3	46	57	27	47
Philippines	6.8	3.4	50	25	9	36
Indonesia	6.6	6.3	95	26	13	50
Malaysia	5.7	3.9	68	32	18	56
Thailand	3.5	2.7	77	35	20	57
TOTAL, 9 countries	380.4	148.9	39	444	223	50

Source: Columns (1)-(3) from annex IV, table A.3. Columns (4)-(6) are based on a count of all products on the sensitive and semi-sensitive lists of which EEC imported more than 1,000 u.a. in 1972 from the country concerned.

[a] The countries listed are all notifying beneficiaries. They are listed in descending order of total eligible imports into EEC in 1972.

[b] A trade flow is considered to have enjoyed an open-ended preference in 1972 if analysis of the trade statistics indicates that marginal (incremental) imports would be expected to enter EEC free of duty, i.e. without sterilization of the preference through operation of the *MA*, *QC*, or *MSS* constraint.

already enjoyed varying degrees of preference in Community countries. Imports of items covered by the scheme from the Libyan Arab Republic consisted entirely of oil products, apparently marketed in arrangements outside the scheme. In any case, neither Algeria nor the Libyan Arab Republic complied with the notification requirement in 1972.

63. Egypt, on the other hand, had a meaningful interest in the scheme. About 18 million u.a. of EEC imports from that country (mainly cotton textiles) were dutiable, and covered by the scheme. However, preferential entry of the greater part of this amount appears to have been frustrated by operation of the constraints. The maximum-amount limitation ("buffer" or *butoir*) was invoked explicitly against Egypt with respect to three product items on the EEC's sensitive cotton-textile list.

64. As for the remaining real beneficiaries in the African region, most of their agricultural exports to EEC were not covered by the scheme, and their industrial exports consisted almost entirely of raw materials that were free of duty anyway.

2. ASIA [23]

65. In sharp contrast to the African situation, a number of independent countries of the Asian region were potentially significant beneficiaries of the scheme. In addition to Iran, India, Republic of Korea, Singapore and Pakistan, which were among the ten largest preferential suppliers, four South-east Asian countries presumably participated (or could have participated) in the scheme's advantages to the extent of several million u.a. each (Indonesia, Malaysia, Philippines, Thailand). West Asian countries, on the other hand, produced for export relatively few non-agricultural goods to which the scheme was relevant. Duties on petroleum products from Kuwait, Saudi Arabia and Iraq presumably have little effect on trade, and none of those countries notified EEC of their certifying authorities during 1972. As for Lebanon, a substantial amount of the trade shown as potentially preferential in the tables in annex IV did not actually involve Lebanese manufacture. On the other hand, such typical Lebanese exports as sheep leather, garments and footwear, were on the sensitive or semi-sensitive lists and their preferences were likely to be closed-ended because of the operation of the *a priori* limitations.

66. Because the East and South Asian countries are relatively large suppliers of a wide variety of manufactured industrial goods, it is instructive to examine more closely how they were affected by the constraints applied by EEC to goods in CCCN chapters 25-99. Table 10 facilitates direct comparison of the estimated potentially preferential imports from nine of these countries with respect to the total amounts of imports eligible for preferential treatment in the absence of eventual invocation of the quantitative safeguards. As expected, owing to the maximum-amount constraint, the countries showing relatively large trade flows suffered the most drastic sterilization of preferences, while the minor exporting countries obtained, or could have obtained, preferential treatment for a larger proportion of their trade with the community.

[23] See annex IV, table A.3.

67. It should be recalled, however, that the benefit from preferences cannot be measured in terms of the amount of goods receiving preferential customs treatment. The preferential treatment should provide an incentive for increased imports from the beneficiaries and/or improve the beneficiaries' terms of trade. Whether such benefits will be realized normally depends on the open-endedness of preference.

68. It is difficult to assess quantitatively the benefits obtainable through the creation of open-ended preferences or to compare them as between major and minor exporting countries. Some such measure, however imperfect, is necessary for an understanding of the potential economic significance of preferences. In columns (4)-(6) of table 10, an inter-country comparison is made between the number of trade flows believed to have been open-ended and the total number of trade flows recorded in the 1972 trade statistics for sensitive and semi-sensitive list products (trade flows below 1,000 u.a. are disregarded). In the context of this study, it is assumed that the more of a country's products face opportunities for preferential trade expansion in the Common Market the better, especially since diversification of the developing countries' manufactured exports is generally agreed to be an important desideratum of preferences. If this criterion is taken into account, the data summarized in table 10 do not indicate a substantial bias of the EEC safeguard system in favour of the smaller exporting countries, even though these are somewhat less likely than the large exporters to run into the maximum-amount constraint. This appears to be explained by the fact that they still face a fairly high probability—about 40 per cent in 1972—of seeing their preferential entry suspended because of the exhaustion of the over-all ceilings or the member-State shares in the Community tariff quotas. In any case, the loss of preferences by the major suppliers through operation of the maximum-amount constraint is not offset by a commensurate gain for the minor suppliers.

69. Most of the large trade flow shown for Iran in table 10 was accounted for by oriental carpets. Because the EEC trade statistics did not distinguish the particular grades of carpets defined in the scheme, very arbitrary estimates were used in calculating effects of the constraints in sterilizing preferences for these items, and no claim is made for even approximate accuracy of the estimate of Iran's potentially preferential trade. Moreover, owing to the regressive effect of the mixture of specific and *ad valorem* duties, the margin of preference on very high-quality rugs is relatively low, and it is possible that many importers had insufficient incentive to utilize the limited preference available.

70. Among the other Asian countries shown in table 10, the Republic of Korea was most susceptible to preference suspensions because of exhaustion of the maximum-amount limits, especially with respect to textiles on the sensitive list. However, because of the large variety of export products for which some trade flow had been established, the Republic of Korea appears nevertheless to have benefited from open-ended preferences on a number of items. India was also in a position to take advantage of the diversification of its exports. The structure of Pakistan's exports, on the other hand, seems to have been somewhat less propitious from the standpoint of benefiting from preferences.

3. Europe[24]

71. A single country—Yugoslavia—accounted for approximately one-third of the potentially preferential imports into EEC from all real beneficiaries. Yugoslavia was also, however, the object of an extremely large number of suspensions of preference because of exhaustion of the maximum amount. Out of 120 trade flows involving Yugoslavia with respect to products on the sensitive and semi-sensitive lists, only 43, or 36 per cent, could be considered open-ended. On the other hand, as a result of the relatively high diversity of its exports of products falling within CCCN chapters 25-99 and its proximity to the EEC market, Yugoslavia apparently obtained (or could have obtained) open-ended preferential treatment for a large number of important products on the non-sensitive list, as is shown in annex III. This explains why, despite the frequent application of safeguard measures against free entry of its products, the over-all ratio of Yugoslavia's potentially preferential to its eligible trade was higher than the average for all real beneficiaries.

4. Latin America[25]

72. By and large, Latin America's participation in the EEC scheme in 1972 appears to have been of a magnitude comparable with that of the independent Asian countries. However, preferential imports into EEC of processed agricultural products from Latin America were probably greater than those from other regions, because of the inclusion of such items as coffee essences, palm hearts, crustaceans, and other Latin American export specialities in the positive list of products falling within CCCN chapters 1-24 accorded partial preferential treatment. Although Latin America supplied about half the quantity of dutiable, covered and eligible industrial products (CCCN chapters 25-99) supplied by the Asian countries, it suffered much less attrition of preferences through operation of the quantitative constraints. This appears to have been mainly attributable to the fact that cotton and other textiles were relatively less important in most Latin American countries' trade flows to EEC. As has already been seen, these were the product categories most severely affected by strict application of EEC's safeguard system, even with respect to semi-sensitive and non-sensitive goods.

73. The information summarized in table 11, which is presented in the same manner as that in table 10, shows that three countries—Brazil, Mexico and Argentina—accounted for most of the Latin American region's potentially preferential trade in products falling within CCCN chapters 25-99. Indeed, after Yugoslavia, Brazil led all the other real beneficiaries despite the fact that it was not on the list of countries eligible for preferences with respect to cotton textiles. Moreover, thanks to the diversity of its exports, a relatively high number of Brazil's trade flows in sensitive and semi-sensitive list goods occurred in open-ended situations and thus may have provided a

[24] See annex IV, table A.4.

[25] See annex IV, table A.5.

TABLE 11

Estimated operation of a priori limitations (constraints) on EEC imports in 1972 from selected beneficiaries in Latin America[a]

(CCCN chapters 25-99)

	Import into EEC			Trade flows (Sensitive and semi-sensitive products)		
	Total eligible	Of which: potentially preferential	Percentage (2)/(1)	Total	Of which open-ended preferential[b]	Percentage (5)/(4)
	(Millions of u.a.)			(Number of products)		
	(1)	(2)	(3)	(4)	(5)	(6)
Brazil	78.3	53.5	68	70	41	59
Mexico	31.9	24.6	77	66	37	56
Argentina	23.9	14.5	61	45	26	58
Colombia	9.9	3.7	38	33	13	39
Uruguay	7.7	3.4	44	14	6	43
Trinidad and Tobago	4.7	2.8	60	6	2	33
Nicaragua	1.3	1.3	100	11	10	91
Peru	1.3	1.2	92	19	10	53
TOTAL, 8 countries	159.0	105.0	66	264	145	55

Source: Columns (1)-(3) from annex IV, table A.5. Columns (4)-(6) are based on a count of all products on the sensitive and semi-sensitive lists of which EEC imported more than 1,000 u.a. in 1972 from the country concerned.

[a] The countries listed are all notifying beneficiaries. They are listed in descending order of total eligible imports into EEC in 1972.

[b] A trade flow is considered to have enjoyed an open-ended preference in 1972 if analysis of the trade statistics indicates that marginal (incremental) imports would be expected to enter EEC free of duty, i.e. without sterilization of the preference through operation of the *MA*, *QC*, or *MSS* constraints.

meaningful stimulus to expanded trade. Similarly, a relatively diversified export mix also positively affected Mexico's ability to benefit from the scheme. On the other hand, EEC limitations on the free entry of bovine leather severely reduced the potentially preferential trade of Argentina and Uruguay. Colombia, the principal exporter of industrial manufactured goods in the Andean Group, also suffered from sterilization of preferences, especially through the operation of the maximum amount rule (fertilizers, cotton textiles). Peru, on the other hand, was such a minor supplier that it triggered no maximum-amount suspensions at all, although several of its exports would presumably have run into over-all quota or member-State-share limitations and thus would have received only closed-ended preference.

5. LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES[26]

74. The least developed among the developing countries (LDDC) are about equally divided between what are referred to here as the real beneficiaries of the scheme and the nominal beneficiaries (i.e., the associated countries for which special preferential arrangements with EEC supersede the somewhat less favourable arrangements under the scheme). Only the former are discussed in this section.

75. It has always been recognized that the LDDC could expect limited advantage from generalized preferences as at present applied. Various UNCTAD documents[27] have therefore called for special treatment in their favour through broader product coverage, exemption from safeguard measures, extended duration of preferences, and so on.

76. The 1972 trade statistics tend to confirm the relatively small advantages provided under the EEC scheme for LDDC among the real beneficiaries. Dutiable imports into the Community from this group of countries amounted to only about 60 million u.a.; of which 40 million u.a. consisted of processed agricultural items in CCCN chapters 1-24 and 20 million u.a. of industrial products in CCCN chapters 25-99. However, even this small potential scope was drastically reduced by the definition of the products covered by the EEC scheme. Only about 2 million u.a. or 5 per cent of the dutiable products falling within CCCN chapters 1-24 which originated in the LDDC were included in the positive list for 1972. As for CCCN chapters 25-99, a number of dutiable products of interest to the LDDC were excluded from coverage on the ground mentioned before (see para. 21 above) that the GSP was intended to apply to manufactures and

[26] See annex IV, table A.6.

[27] See, for example, "Report of the Group of Experts on special measures in favour of the least developed among the developing countries" (*Official Records of the Trade and Development Board, Third Part of the Ninth Session, Annexes*, document TD/B/288), paras. 27-28, and "Special measures in favour of the least developed among the developing countries: action programme submitted by the Secretary-General of UNCTAD" (*Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. IV, *General review and special issues* (United Nations publication, Sales No. E.73.II.D.7), document TD/135), paras. 40-46.

semi-manufactures and not to raw materials. (EEC chose to classify metals—up to and including the ingot stage—as raw materials.) This criterion, which mainly affected Guinea, reduced the coverage for products from the LDDC falling within CCCN chapters 25-99 from 20 million to only 10 million u.a.

77. None of the LDDC were sufficiently important suppliers of sensitive and semi-sensitive list goods to suffer further attrition of preferences through operation of the maximum-amount constraint. However, some of their few recorded trade flows can be considered to have involved only closed-ended preferences in view of actual or threatened exhaustion of over-all quotas or member-State shares. The only significant potentially preferential imports into EEC of products falling within CCCN chapters 25-99 from the LDDC group were carpets from Afghanistan.

6. DEPENDENT TERRITORIES OF THIRD COUNTRIES[28]

78. This group of real beneficiaries consisted in 1972 mainly of scattered island dependencies of the United Kingdom and of other countries not members of EEC, together with the Portuguese and Spanish African territories. Only two of these territories—Hong Kong and Macao—supplied to EEC imports covered by the scheme in significant amounts (378 million and 32 million u.a. respectively). Textiles comprised by far the greater part of these imports, however, and EEC had already taken the precaution of excluding territorial dependencies of third countries from eligibility for preferences with respect to textiles, regardless of the level of sensitivity. Despite this discrimination, obviously aimed at Hong Kong and Macao, there still remained about 120 million u.a. of scheme-covered and eligible imports of a wide variety of industrial manufactures and semi-manufactures from Hong Kong. Of this amount, only about 42 million u.a. or 35 per cent are estimated to have been potentially preferential, after application of EEC's quantitative safeguard limitations, notably the maximum-amount constraint. The suspension of preferences was actually invoked against Hong Kong with respect to 22 products on the general industrial list. (As stated above, Hong Kong was already ineligible for preferences with respect to items on the textile list.) In most of these cases, the maximum amount or *butoir* was set at only 20 per cent of the Community quota or over-all ceiling, as compared with the 30 or 50 per cent levels that prevailed for non-Hong Kong-type goods.

79. The variety of manufactured products in which Hong Kong was competitive is illustrated by the fact that no less than 71 trade flows involving Hong Kong could be counted in the sensitive and semi-sensitive lists for general industrial products alone. Only 28 of these trade flows, or 39 per cent, involved preferences that could be considered open-ended under the criteria applied in this study. In addition, Hong Kong enjoyed some open-ended preferences on various non-sensitive items, notably plastic articles, pottery ornaments, nuts and bolts, hand tools, spoons and forks, calculators, office-machine parts, certain domestic appliances and combs. Thus, despite the numerous handicaps imposed on Hong Kong under the scheme, the potential benefits to it of even limited participation in the scheme were by no means negligible.

B. Imports from nominal beneficiaries: sharing of special tariff advantages

80. An important issue that complicated the long history of negotiations over GSP within UNCTAD as well as in other international bodies concerned fears on the part of countries and territories already enjoying special preferences under association or other similar agreements with EEC lest those advantages might be seriously diminished to the extent that the preferences had to be shared with beneficiaries of the new GSP arrangements. There was much debate over the quantitative significance of the possible extent to which the existing special preferences might be diluted, over the compensating advantages that might be achieved through the eventual opening of new preferential markets in the context of the GSP schemes of developed countries other than EEC, and over forms of additional compensation that might offer equivalent advantages in return for the feared reduction of the exclusivity of the special preferences. The sensitivity of this issue is reflected by numerous safeguards, including the general reservation (written into the preambles of the EEC Council Regulations concerning EEC's scheme of generalized tariff preferences) of the possibility of withdrawing preferences in whole or in part "*inter alia*, to correct any adverse situations which may arise in the associated countries as a result of implementation of the generalized system of preferences". This explains the semantic confusion arising from the grouping together in the "List of developing countries and territories beneficiaries of generalized tariff preferences" (annex B of the relevant EEC Regulations), of not only what are here called the real beneficiaries of the scheme, but also the nominal beneficiaries, i.e. the countries which already enjoyed special preferences and to which the product lists and elaborate safeguard provisions did not apply.

81. A detailed analysis of the quantitative importance of the overlap between the coverage of the scheme and the products exported by the associated countries to EEC under existing preferences was prepared several years ago by the UNCTAD secretariat on the basis of EEC import statistics for 1970.[29] The general conclusions of that analysis have been confirmed by the 1972 data summarized below.

82. Looking at all the nominal beneficiaries together, it is immediately apparent from the regional summary (table 9) that even the maximum possible adverse impact on associated areas due to increased competition on the EEC market attributable to sharing of their preferential privileges with beneficiaries of the scheme was quite modest. Of total imports into EEC from the nominal beneficiaries, amounting to 2.5 billion u.a. in 1972, only about half were subject to MFN duties and 6 per cent, or

[28] See annex IV, table A.7.

[29] See document TD/B/C.5/4.*

160 million u.a., involved items that might have corresponded to products covered by the scheme. Further analysis greatly reduces the significance of this apparent overlap between the two types of preferential systems. Thus, it may be noted that MFN-dutiable EEC imports from the nominal beneficiaries were preponderantly agricultural products falling within CCCN chapters 1-24. The figure of 29 million u.a. shown as consisting of products covered by the scheme is only about 2.5 per cent of total imports, but even this is greatly exaggerated since it represents an upper limit. (It may be recalled that many product definitions in the scheme in CCCN chapters 1-24 are much narrower than the most disaggregated classifications reported in trade statistics. The upper limit estimate counted the entire category as if were covered by the scheme.) Furthermore, margins of preference under the scheme averaged only about 4 percentage points, whereas the special preferences enjoyed by EEC associated countries and territories generally involved free entry or much deeper preference margins.

1. AFRICA (EXCLUDING THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES)[30]

83. Most EEC imports from nominal beneficiaries, and almost all the imports that overlap with preferences under the scheme, came from the associated countries in Africa. These can be divided into three categories: the two Maghreb countries (Morocco and Tunisia) having bilateral association agreements with the Community; the group of former dependencies of member States (Yaoundé Convention); and three former British East African dependencies (Arusha Agreement). Nearly half the countries in the Yaoundé and Arusha groups are classified in the least developed category and are considered separately below.

84. Sixty per cent, or 97 million u.a., of the total overlap in the coverage of special and generalized preferences is accounted for by Morocco and Tunisia. Of this amount, 18 million u.a. represented imports of products falling within CCCN chapters 1-24. A substantial part of this was in turn accounted for by products under CCCN heading 20.02, of which only an unknown portion (capers) was really covered by the scheme. The Moroccan and Tunisian association agreements provided free entry for capers; the scheme merely gave a 4 percentage point reduction in the 20 per cent MFN rate.

85. As regards the 79 million u.a. of products falling within CCCN chapters 25-99 imported by EEC from Morocco and Tunisia in 1972, and which would have been covered by the scheme if imported from real beneficiaries, most of these products (notably wool carpets, cotton men's and boys' undergarments, goat and kid leather, leather goods, and superphosphates) were on the scheme's sensitive lists and thus subject to strict tariff quotas. In most cases, the preference under the scheme was closed-ended in 1972, at least as far as the major potential competitors were concerned. It is therefore unlikely that a significant price advantage was created in favour of these beneficiaries under the scheme such as would have stimulated an increase in their trade above that which occurred anyway.

86. Moreover, even if there had been no scheme, the preferential advantages of Morocco and Tunisia were already being diluted through the proliferation of association or similar bilateral agreements negotiated by EEC with a number of other countries in the Mediterranean region and which, in some cases, produced goods similar to those for which Morocco and Tunisia enjoyed preferential privileges. Although some of these agreements did not give free entry, the competing countries in question were not subject to the scheme's constraints.

87. In 1972, EEC imported from associated African countries parties to the Yaoundé Convention and the Arusha Agreement (other than least developed countries) a maximum of 56 million u.a. of products that would have been covered by the scheme had they been imported from real beneficiaries. Of this amount, not more than 10 million u.a. (high estimate) consisted of products falling within CCCN chapters 1-24, even this would correspond to only about 1.5 per cent of total EEC imports of MFN-dutiable goods from the African nominal beneficiaries in question. Of the remaining 46 million u.a. of products falling within CCCN chapters 25-99 of types covered by the scheme, a substantial proportion was represented by sawn wood, plywood and other items the preferential entry of which into EEC was strictly controlled by tariff quotas and maximum amounts in order to safeguard the trade interests of the associated African States. The detailed analysis contained in an earlier report by the UNCTAD secretariat,[31] indicated that, under the circumstances, only negligible adverse impact could be expected from the sharing of preferences with real beneficiaries.

2. LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES IN AFRICA[32]

88. In the context of UNCTAD discussions of special measures in favour of the LDDC, much attention has been devoted to the impact of preference-sharing on the relatively less advanced countries associated with EEC.[33] However, it would appear from an analysis of EEC imports from the ten African countries concerned that this was a negligible problem, at least in 1972. Total recorded imports from those countries of products that would have been covered by the scheme if imported from real beneficiaries amounted to only 3.7 million u.a., of which the 1.9 million u.a. of products falling within CCCN chapters 1-24 is again an upper-limit over-estimate but even so is less than 2 per cent of EEC total imports from the countries concerned or little over 4 per cent of all dutiable imports. The 1.8 million u.a. of industrial products falling within CCCN chapters 25-99 and covered by the scheme represented a similarly low proportion of the respective total imports. Moreover, a part of this total was spurious in that it consisted of re-exports of such goods as motor vehicles, aircraft, steam boilers, generators, etc., presumably for repair or junking in Europe.

[30] See annex IV, table B.1.

[31] See document TD/B/C.5/4.*

[32] See annex IV, table B.2.

[33] See, for example, TD/B/288 (*loc. cit.*), paras. 28-30.

3. DEPENDENT TERRITORIES OF EEC COUNTRIES[34]

89. Again, with respect to the miscellaneous group of the remaining dependencies of France and the Netherlands, no significant amount of overlap between special preferences and generalized preferences can be detected. There were only negligible imports into EEC of covered agricultural products, and the covered industrial products amounted to only 3.6 million u.a., part of which is accounted for by anomalies in the trade statistics and does not really represent commercial exports of the territories concerned.

[34] See annex IV, table B.3.

ANNEXES

ANNEX I

EEC imports in 1972 of processed agricultural products in CCN chapters 1-24 covered by the scheme[a]

(In thousands of units of account)

CCT classification		*EEC associates (nominal beneficiaries)* Total	(of which LDDC)	*Real beneficiaries of the scheme* Total	(of which LDDC)	*Notifying beneficiaries of the scheme* Total	*MFN tariff* (Percentage ad valorem)	*GSP tariff* (Percentage ad valorem)	*Preferential margin* (Percentage points)
02.04 ex B	Frozen game	101.4		8,323.7		8,247.6	5	3	2
02.04 C ex I	Frogs' legs	14.9		1,676.7		1,670.6	10	7	3
05.07 A II	Bed feathers			25.2		25.2	3.5	1.5	2
07.04 ex B	Dried mushrooms	1,309.3	(0.5)	8,694.8	(10.6)	8,085.4	16	13	3
08.10 ex B	Frozen fruit	127.7		3,051.7		3,051.4	20	16	4
08.11 ex D	Provisionally preserved fruit	56.3		2,120.0		2,116.9	11	8	3
other chapter 8	Tamarinds, etc.	158.3		986.4	(324.0)	658.7	5.9	0	5.9
chapter 11	Vegetable, fruit-flours	3.8		195.3		73.6	15.8	11.3	4.5
12.07 B	Liquorice root			1,008.9	(16.2)	541.6	2	0	2
chapter 13	Vegetable extracts	1,919.4	(85.5)	265.7		202.2	3.4	1.1	2.3
chapter 15	Animal oils, wax	507.6		956.1	(1.4)	866.5	2.5	0.5	2.0
16.02 BIII 6) ex 1	Bovine tongue	5,963.4	(7.8)	12,207.3	(1,712.6)	11,849.1	26	21	5
16.04 A I	Caviar			1,314.6		1,314.6	24	15	9
16.05 ex B	Crustaceans	626.7	(89.8)	6,226.9		5,068.4	20	16	4
other chapter 16	Prepared meat, fish	583.5		430.7		307.8	16.5	13.4	3.1
17.04 B	Chewing gum			48.0		47.9	8[b]	6[b]	2
chapter 19	Prepared cereals	1,169.7		916.6		916.6	8.6[b]	6.9[b]	1.7
20.01 ex B	Pickles	151.3	(15.3)	1,433.6		1,433.3	22	18	4
ex 20.02	Capers, sauerkraut	10,674.8		808.5		5.7	20	18	2
ex 20.03-5	Prepared fruit	410.0		84.1		82.7	27.2[b]	20.8[b]	6.4
ex 20.06	Fruit preparations	2,478.5	(0.6)	5,641.0		4,863.1	25.3[b]	19.9	5.4
ex 20.07	Fruit juices	2,014.0	(0.1)	5,044.6	(12.1)	4,654.6	18.2[b]	14.6[b]	3.6
21.02 ex A	Coffee essences	129.5		7,124.9		6,691.6	18	14	4
21.07 FIa) ex A	Palm hearts	549.2		6,633.7	(0.1)	4,812.1	20	16	4
other chapter 21	Miscellaneous foods	39.5	(0.5)	1,265.0		1,210.6	15.7[b]	11.7[b]	4.0
chapter 22	Beverages	14.9		13.1		13.1	15	12	3
chapter 23	Fodder	62.7		—		—	6	4	2
chapters 1-24	Total	29,332.0	(207.8)	76,496.7	(2,077.0)	68,811.1	17.6[b]	13.7[b]	3.9

[a] Data are overstated, owing to impossibility of separating "ex" items from broader NIMEXE categories.

[b] Rates refer to fixed element of protection only.

ANNEX II

EEC imports in 1972 of sensitive products in CCCN chapters 25-99 covered by the scheme

						Estimated non-preferential imports affected by constraints:				*Estimated potential preferential imports* A		*Estimated potential preferential imports* B			
Product group (1)	*CCT No* (2)	*Duty (percentage)* (3)	*Tariff quotas* (4)	*Maximum amounts as percentage of quotas* (5)	*Total imports from beneficiaries* (6)	*Maximum amounts* (7)	*Community quotas* (8)	*Member State shares* (9)	*Total MFN* (10)	*Real GSP beneficiaries* (11)	*Estimated percentage of quotas not utilized* (12)	*Notifying beneficiaries* (13)	*Estimated percentage of quotas not utilized* (14)	*Actual utilization of tariff quotas* (15)	*Actual percentage of quotas not utilized* (16)
I. *General industrial products* (other than textiles, etc.)					*EEC Council Regulation 2794/71 (in thousands of units of account)*										
1 Oils, light	ex 27.10 A	7	7,124	20	15,667	5,772	2,772	1,306	9,849	5,818	18	3,365	51	3,065	57
2 Oils, medium	ex 27.10 B	7	6,159	20	912	—	—	—	—	912	85	912	85	1,477	76
3 Oils, heavy	ex 27.10 C	5;6;	40,585	20	27,743	1,127	—	4,983	6,110	21,633	47	15,388	62	12,944	68
4 Ammonia	28.16	11.2	909	50	380	—	—	196	196	185	80	185	80	167	82
5 Lead oxides	28.27	12.2	1,271	20	1,455	1,026	—	—	1,026	429	66	429	66	521	59
6 Urea	31.02 B	12.8	13	20	582	577	—	—	577	5	60	3	80	3	77
7 Fertilizers, nitrogenous	31.02 C	8	174	30	5,550	5,435	—	20	5,455	96	45	96	45	49	72
8 Fertilizers, other	ex 31.05	6.6;8.8	252	30	7,346	7,194	—	19	7,213	133	47	133	47	166	34
9 Tyres, tubes	40.11	7.5;9	4,744	20	4,657	1,672	—	—	1,672	2,985	37	1,449	69	1,050	78
10 Leather, bovine	ex 41.02 B	8	4,793	30	27,057	18,864	3,400	—	22,264	4,793	—	4,554	5	4,455	7
11 Leather, goat	41.04 B II	5	982	50	3.044	1,234	829	116	2,178	866	12	804	18	402	59
12 Travel, plastic	42.02 A	15	962	20	2,548	2,000	—	28	2,028	519	46	519	46	332	65
13 Travel, other	42.02 B	7.5	2,170	20	9,201	6,581	450	753	7,785	1,416	35	1,411	35	998	53
14 Gloves, protective	42.03 B I	13	2,117	20	11,973	10,955	—	71	11,026	947	55	947	55	845	60
15 Apparel, leather	ex 42.03	7.5-11	1,532	20	11,453	9,869	53	406	10,327	1,127	26	1,124	27	644	58
16 Veneer	44.14 B	7	6,727	50	17,898	12,263	—	711	12,973	4,925	27	4,865	28	5,249	22
17 Plywood	44.15	13	2,287	50	5,114	802	2,025	—	2,827	2,287	—	2,787	—	1,714	25
18 Plaiting	46.02	5.5-9.5	1,269	50	2,569	1,408	—	19	1,427	1,142	9	1,142	9	771	39
19 Basketry	46.03	10	4,869	10	8,752	6,514	—	—	6,514	2,238	54	2,118	57	1,773	64
20 Kraft	48.01 C II	12	13,169	20	3,291	611	—	—	611	2,681	80	2,646	80	2,430	82
21 Umbrellas	66.01	16	2,068	20	4,279	3,264	—	—	3,264	1,015	51	1,015	51	688	67
22 Wigs	67.04	7.5	5,294	20	12,405	9,460	—	—	9,460	2,945	44	2,940	44	2,502	53
23 Refractory bricks	69.02	4	3,150	20	4,877	4,243	—	—	4,243	635	80	635	80	996	68
24 Chinaware	69.11	13.5	239	20	239	126	—	2	128	110	54	111	54	54	77
25 Glassware	70.13	15.5	2,104	30	1,897	682	—	64	746	1,151	45	1,143	46	735	65
26 Illuminating glassware	70.14 A II	9	1,311	20	1,908	1,629	—	—	1,629	280	79	278	79	403	69
27 Jewelry, imitation	71.16	11.5-18	1,183	20	3,655	3,031	—	—	3,031	623	47	613	48	509	50
28 Tubes, iron and steel	73.18	9;10;	4,743	30	3,393	1,803	—	—	1,803	1,589	66	1,582	67	1,745	63
29 Bars, copper	74.03	8	5,287	20	2,004	285	—	—	285	1,719	67	1,622	69	916	83
30 [illegible]	79.03 A	10	3,674	20	2,988	2,253	—	—	2,253	735	80	735	80	910	75

30	Sheet, zinc															
31	Locks	83.01	8.5	454	20	1,066	877	—	—	877	189	58	188	59	[illegible]	[illegible]
32	Sewing machines	84.41 A I(b)	12	844	30	746	63	—	129	191	555	34	554	34	498	41
33	Sewing parts	84.41 A III	9	310	30	238	133	—	28	161	77	75	73	76	63	80
34	Motors	85.01 A I	8.5	1,556	20	27	—	—	—	—	27	98	26	98	13	99
35	Generators	85.01 A II	5	3,909	20	6,673	4,499	—	—	4,499	2,174	44	1,826	53	1,779	54
36	Cells	85.03	20	1,898	20	1,673	415	—	—	415	1,258	34	1,258	34	825	57
37	Flash-lights	85.10 B	13	1,976	20	2,409	2,005	—	—	2,005	404	80	403	80	579	71
38	Radios	ex 85.15	7-14	5,071	20	33,227	28,376	—	706	29,082	4,145	18	4,139	18	3,470	32
39	Semi-conductors	85.21 D,E	9;17;	1,348	20	11,447	9,743	356	581	10,680	767	43	763	43	820	39
40	Cycles	87.10	17	759	50	169	—	—	—	—	169	78	169	78	161	79
41	Cycle parts	87.12 B	8	984	50	1,726	1,179	—	112	1,291	435	56	434	56	300	70
42	Binoculars	90.05	13	657	20	2,221	1,784	—	—	1,784	437	34	437	34	562	14
43	Microscopes	90.12	10.5	298	20	33	—	—	—	—	33	89	30	90	15	95
44	Watch cases	91.09	7.3	444	20	995	905	—	—	905	90	80	90	80	94	79
45	Gramophones	92.11 A	7.5-9.5	3.770	20	4,103	1,549	—	662	2,211	1,892	50	1,877	50	124	97
46	Records	92.12	3.5-8.5	1,167	20	355	—	—	—	—	355	70	788	75	130	89
47	Chairs	94.01 B	8.5	6,935	30	13,735	9,165	—	57	9,222	4,513	35	4,511	35	3,655	47
48	Furniture	94.03	8.5	6,558	30	8,384	5,026	—	—	5,026	3,358	49	3,331	49	2,873	56
49	Dolls	97.02	12;16;	2,821	20	7,896	6,685	—	—	6,685	1,211	57	1,209	57	926	67
50	Toys	97.03	16;19;	8,996	20	15,054	11,117	—	—	11,117	3,936	56	3,924	56	4,025	55
51	Carnival items	97.05	10	1,197	20	1,524	1,151	—	—	1,151	373	69	373	69	335	70
52	Vacuum flasks	98.15	13;17;	230	20	492	446	—	—	446	46	80	46	80	69	70
	TOTAL, general industrial sensitive		*8.9*[a]	*183.343*		*319.026*	*205.796*	*9,883*	*10,967*	*226,646*	*92,380*	*50*	*80,294*	*56*	*70,036*	*62*
II.	*Iron and steel products*					*ECSC Decision 71/403/CECA (in thousands of units of account)*										
1	Coils, iron and steel	73.08	5;6;	6,520	50	20,325	16,661	—	2,224	18,886	1,441	78	1,429	78	738	89
2	Bars, rods, iron and steel	73.10 A, D I	5-7	2,717	50	2,103	416	—	—	416	1,687	38	1,437	44	465	83
3	Angles, shapes, iron and steel	ex 73.11 A I IV, B	5-7	2,182	50	601	—	—	—	—	601	72	601	72	3	100
4	Sheet, plates, iron and steel	ex 73.13	6-8	11,040	30	14,833	6,250	—	661	6,911	7,922	28	7,912	28	3,228	71
5	Carbon alloy	ex 73.15	3-8	5,922	50	1,145	—	—	—	—	1,146	81	1,146	81	661	89
	TOTAL, iron and steel sensitive		*6.8*[a]	*28,381*		*39,008*	*23,327*		*2,885*	*26,212*	*12,796*	*55*	*12,525*	*56*	*5,095*	*82*
III.	*Footwear*					*EEC Council Regulation 2798/71 (in thousands of units of account)*										
19	Boots, rubber	ex 64.01	20	1,175	30	868	144	—	12	156	711	39	697	41	1,224	(Excess)
20	Shoes, rubber	ex 64.01	20	373	30	140	—	—	—	—	140	62	140	62	88	76
21	Shoes, leather	64.02 A	8	4,892	20	13,524	10,825	—	383	11,208	2,316	53	2,297	53	1,203	75
22	Shoes, other	64.02 B	20	3.651	20	4,919	626	642	645	1,912	3,006	18	3,006	18	2,440	33
	TOTAL, footwear sensitive		*17.1*[a]	*10.091*		*19,451*	*11,594*	*642*	*1,040*	*13,276*	*6,174*	*39*	*6,140*	*39*	*4,955*	*49*

EEC imports in 1972 of sensitive products in CCCN chapters 25-99 covered by the scheme

Product group (1)	CCT No. (2)	Duty (percentage) (3)	Tariff quotas (4)	Maximum amounts as percentage of quotas (5)	Total imports from beneficiaries (6)	*Estimated non-preferential imports affected by constraints:* Maximum amounts (7)	Community quotas (8)	Member State shares (9)	Total MFN (10)	*Estimated potential preferential imports* — A: Real GSP beneficiaries (11)	A: Estimated percentage of quotas not utilized (12)	B: Notifying beneficiaries (13)	B: Estimated percentage of quotas not utilized (14)	Actual utilization of tariff quotas (15)	Actual percentage of quotas not utilized (16)
IV. *Cotton and assimilated textiles*						*EEC Council Regulation 2797/71 (in tons)*									
1 Yarn, 14,000 m per kg	ex 55.05 B II	7	630	30	1,366	656	80	165	901	465	26	465	26	196	69
2 Yarn, 14,000-40,000 m per kg	ex 55.05 B II	7	2,850	30	10,196	7,642	—	159	7,801	2,395	16	2,395	16	2,355	17
3 Yarn, 40,000-80,000 m per kg	ex 55.05 B II	7	980	30	4,328	3,340	8	149	3,497	831	15	831	15	882	10
4 Yarn, 40,000-120,000 m per kg	ex 55.05 B II	7	120	30	456	363	—	23	386	70	42	70	42	59	51
5 Fabrics, unbleached, 85 cm	ex 55.09 A I	13	510	30	24	—	—	—	—	24	95	24	95	29	94
6 Fabrics, bleached, 85 cm .	ex 55.09 A I	13	160	30	36	—	—	—	—	36	78	36	78	3	98
7 Fabrics, unbleached, 85/115 cm	ex 55.09 A II	14	2,550	30	7,060	4,103	407	310	4,820	2,240	12	2,240	12	2,075	19
8 Fabrics, unbleached, 115/165 cm	ex 55.09 A II	14	1,550	30	7,298	5,574	174	94	5,842	1,456	6	1,456	6	1,446	7
9 Fabrics, unbleached, 165 cm	ex 55.09 A II	14	500	30	1,741	1,214	27	135	1,376	365	27	365	27	348	30
10 Fabrics, unspecified	ex 55.09 II	14	210	30	2,475	2,097	168	31	2,296	179	15	179	15	100	52
11 Yarn, man-made, regenerated	56.05 B	10	200	30	7	—	—	—	—	7	97	7	97	—	100
12 Fabrics, man-made, regenerated	56.07 B	16	200	30	34	—	—	—	—	34	83	34	83	—	100
13 Stockings, cotton	ex 60.03	13	110	30	50	17	—	—	17	33	70	33	70	5	96
14 Underwear, knit	60.04 A	17	150	50	100	13	—	—	13	87	42	87	42	41	73
15 Made-up fabrics, cotton .	ex 62.02	17;19	100	30	1,742	1,648	—	33	1,681	61	39	61	39	62	38
16 Made-up fabrics, other ..	ex 62.02	17;19	25	50	5	—	—	—	—	5	80	5	80	—	99
17 Sacks, cotton	ex 62.03 B II	13	185	30	984	818	—	67	885	99	46	99	46	15	92
TOTAL, cotton and assimilated textiles sensitive		*11.1* [a]	*11,030*		*37,902*	*27,485*	*864*	*1,166*	*29,515*	*8,387*	*24*	*8,387*	*24*	*7,615*	*31*
V. *Textiles (excluding cotton textiles)*						*EEC Council Regulation 2798/71 (in tons)*									

1	Yarn, man-made, continuous	ex 51.01 A,	9;11	900	30	835	68	—	274	342	493	45	425	53	96	89
2	Fabrics, man-made, continuous	51.04	13;15	220	30	638	425	—	71	496	142	35	141	36	37	83
3	Fabrics, wool	53.11	13;18;	360	30	123	—	—	—	—	123	66	123	66	97	73
4	Fibres, discontinuous	56.01	8;9;	4,700	30	3,633	2,113	—	—	2,113	1,520	68	1,520	68	1,076	77
5	Tow, continuous	56.02	8;8.5;	500	30	275	42	—	70	112	163	67	102	80	1	100
6	Waste, man-made	56.03	8;8.5	1,000	30	2,524	1,588	—	525	2,113	411	59	411	59	239	76
7	Fabrics, synthetic	56.07 A	15;16;	280	30	1,795	1,393	122	55	1,570	225	20	225	20	157	44
8	Carpets, at least 350 rows of knots per m	ex 58.01 A	24	1,800	20	1,601	859	—	14	873	728	60	675	63	970	46
9	Carpets, 350-500 rows of knots per m [b]	ex 58.01 A	15	1,400	30	2,463 [b]	1,586 [b]	—	170 [b]	1,756 [b]	707 [b]	50 [b]	350 [b]	75 [b]	582	58
10	Carpets, more than 500 rows of knots per m	ex 58.01 A	6	7,000	50	11,604 [b]	4,500 [b]	104 [b]	3,710 [b]	8,314 [b]	3,290 [b]	53 [b]	3,290 [b]	53 [b]	2,107	70
11	Matting, other	ex 58.02 A	20;23;	650	30	544	64	—	132	196	348	46	342	47	150	77
12	Fabrics, narrow	58.05	7-14	80	50	36	—	—	8	8	28	65	28	65	10	88
13	Hemp for carpets	ex 59.04	13	1,600	30	1,418	938	—	—	938	480	70	480	70	601	62
14	Other carpet twine	ex 59.04	13	200	50	3,060	2,657	203	28	2,888	172	14	172	14	116	42
15	Stockings, not cotton	ex 60.03	13	170	30	1,319	1,212	—	13	1,225	94	45	94	45	64	62
16	Underwear, knit, not cotton	60.04 B	17	1,100	20	5,706	5,327	—	—	5,327	379	65	379	65	85	92
17	Outerwear, knit, not cotton	ex 60.05 A II,B	13;18	330	30	3,014	2,551	133	44	2,728	286	13	281	15	132	60
18	Corsets	61.09	8.5	210	30	384	316	—	—	316	68	68	68	68	17	92
	TOTAL, textiles, sensitive		*11.5* [a]	*22,500*		*40,972*	*25,639*	*562*	*5,114*	*37,003*	*19,657*	*57*	*9,106*	*60*	*6,537*	*71*

Source: EEC trade statistics (NIMEXE) and UNCTAD secretariat estimates.

[a] Average tariffs (margins of preference) weighted by actual utilization of tariff quotas. Tonnage figures for textiles converted to u.a. at average unit value of total imports in categories.

[b] Based on arbitrary estimates. No separate trade data available in NIMEXE statistics.

EEC imports in 1972 from real beneficiaries of major[a] non-sensitive products in CCCN chapters 25-99 covered by the scheme

CCCN 4-digit heading General industrial products (EEC Regulation No. 2795/71)	Short description of products	Imports from all real beneficiaries (including non-notifying beneficiaries) (In thousands of u.a.)	Common customs tariff (Percentage)[b]	Major supplier
ex-25.31	Fluorspar	651.8	2.5	Mexico
ex-27.07	Oils, etc.	576.1	(3.2)	Kuwait
ex-27.11	Petroleum gases	4 125.7	1.5	Venezuela
ex-27.13	Mineral waxes	1 417.0	(3.6)	Indonesia
28.28	Hydrazine, etc. (vanadium pentoxide)	737.0	5.6	Mozambique
28.38	Sulphates	1 490.6	(8.7)	Yugoslavia
28.47	Salts of acids of metalliexides	1 641.7	(11.1)	Republic of Korea
28.56	Carbides	722.7	(9.2)	Yugoslavia
ex-29.01	Hydrocarbons	2 185.5	(12.1)	Yugoslavia
29.05	Cyclic alcohols (menthol)	2 159.4	8.8	Brazil
ex-29.13	Ketones	3 360.9	(12.2)	Mexico
29.14	Monocarboxylic acids, etc.	2 064.1	(12.6)	Mexico
29.16	Carboxylic acids, etc.	726.5	(13.3)	Mexico
29.23	Oxygen function aminocompounds	761.2	(13.1)	Argentina
29.26	Imide- and imine function compounds	579.9	(12.8)	Republic of Korea
29.29	Organic derivates of hydrazine, etc.	2 255.3	13.6	Mexico
29.35	Heterocyclic compounds (furfural)	7 073.3	11.2	Dominican Republic
29.36	Sulphonamides	880.5	11.2	Yugoslavia
29.38	Vitamines	661.3	(8.8)	Yugoslavia
29.39	Hormones	6 823.6	(11.2)	Bahamas
29.42	Vegetable alkaloids (quinine)	5 324.0	7.2	Indonesia
ex-30.01	Glands	625.6	(7.2)	Argentina
30.03	Medicaments	2 994.4	(14.9)	Bermuda
32.05	Synthetic dyestuffs	893.5	(11.7)	India
ex-33.01	Essential oils	3 716.3	(8.2)	Brazil
34.04	Artificial waxes	1 078.8	8	Brazil
36.02	Explosives	1 390.5	12.8	Yugoslavia
ex-38.08	Resins	1 594.4	(4.9)	Mexico
38.09	Wood tars, etc.	1 430.7	(9.2)	Yugoslavia
39.06	Artificial resins	1 092.6	16	Argentina
39.07	Plastic articles	5 681.8	(13.1)	Hong Kong
40.14	Rubber articles	1 862.3	7	Yugoslavia
42.01	Saddlery	796.5	9	Argentina
42.05	Other articles of leather	574.8	7	Brazil
43.02	Dressed furs	8 057.7	4.5	Uruguay
43.03	Fur articles	13 318.6	(8.3)	Yugoslavia
44.07	Railway sleepers	523.5	(4)	Yugoslavia
44.13	Parquet wood, etc.	3 676.3	5	Brazil
44.23	Builders' carpentry	5 096.3	(6.3)	Yugoslavia
44.24	Wooden utensils	1 736.1	7.5	Thailand
44.25	Wooden tools	1 702.1	(6.3)	Brazil
47.01	Wood pulp	4 677.2	1.5	Yugoslavia
ex-48.01	Newsprint, etc.	1 206.5	(7.5)	Yugoslavia

EEC imports in 1972 from real beneficiaries of major[a] non-sensitive products in CCCN chapters 25-99 covered by the scheme

CCCN 4-digit heading General industrial products (EEC Regulation No. 2795/71)	Short description of products	Imports from all real beneficiaries (including non-notifying beneficiaries) (In thousands of u.a.)	Common customs tariff (Percentage)[b]	Major supplier
48.15	Other paper, cut	827.4	12	Yugoslavia
48.21	Other articles of paper pulp	941.9	(10.8)	Yugoslavia
68.13	Asbestos, fabricated	1 154.4	(8.7)	Yugoslavia
68.15	Worked mica	748.4	(5.8)	India
69.13	Ornaments, pottery	600.0	(9.7)	Hong Kong
70.10	Bottles	651.2	9.5	Yugoslavia
70.21	Other articles of glass	958.3	8.5	Brazil
ex-71.15	Synthetic or semi-precious stones	946.3	(7.2)	Brazil
73.20	Pipe fittings	3 031.2	10	Yugoslavia
73.21	Structures	3 251.3	5.5	Brazil
73.29	Chains	541.3	6.5	Yugoslavia
73.32	Bolts and nuts	1 064.5	(9)	Hong Kong
73.35	Springs	1 015.2	7	Yugoslavia
73.36	Stoves	1 064.8	7	Yugoslavia
73.38	Domestic articles of iron and steel	1 939.6	(8)	Yugoslavia
82.03	Hand tools	901.5	(6)	India
82.04	Hand tools	1 219.8	6.5	Hong Kong
82.05	Interchangeable tools	2 832.0	(6.6)	Yugoslavia
82.14	Spoons, forks, etc.	771.1	(13.8)	Hong Kong
83.06	Ornaments, base metals	4 772.8	9	India
84.05	Steam engines without boilers	1 075.3	5	Yugoslavia
84.06	Internal combustion piston engines	5 611.7	(8.2)	Yugoslavia
84.08	Other engines	6 772.5	(5.8)	Yugoslavia
84.10	Pumps for liquids	2 775.8	(6.5)	India
84.11	Air pumps	1 657.3	(6.3)	India
84.15	Refrigerators	5 539.8	(4.8)	Yugoslavia
84.20	Weighing equipment	791.3	6	Yugoslavia
84.22	Handling equipment	1 993.9	(6.8)	Yugoslavia
84.23	Earth-moving equipment	1 258.7	(7.3)	Yugoslavia
84.44	Rolling mills	1 200.0	7	Yugoslavia
84.45	Machine tools	5 681.1	(6)	Republic of Korea
84.48	Machine-tool parts	1 496.1	3.5	Yugoslavia
84.51	Typewriters	3 910.4	6.5	Yugoslavia
84.52	Calculators	1 856.0	14	Hong Kong
84.53	Computers	9 943.2	7	Brazil
84.55	Office-machine parts	5 345.4	6	Hong Kong
84.56	Ore-processing machines	562.6	5	Yugoslavia
84.57	Glass-working machines	913.8	4.5	Singapore
ex-84.59	Miscellaneous machinery	861.3	(6.5)	Yugoslavia
84.60	Moulds	1 572.1	5	Yugoslavia
84.62	Bearings	826.7	9	Mexico
ex-84.63	Transmissions, gears, etc.	1 560.2	7	Yugoslavia
ex-85.01	Transformers, etc.	2 452.3	6.5	Yugoslavia

EEC imports in 1972 from real beneficiaries of major[a] non-sensitive products in CCCN chapters 25-99 covered by the scheme

CCCN 4-digit heading General industrial products (EEC Regulation No. 2795/71)	*Short description of products*	*Imports from all real beneficiaries (including non-notifying beneficiaries) (In thousands of u.a.)*	*Common customs tariff (Percentage)*[b]	*Major supplier*
85.06	Domestic appliances	911.2	7.5	Hong Kong
85.09	Electrical lighting equipment for vehicles	604.9	(8.2)	Yugoslavia
85.12	Electric heaters, etc.	7 843.6	(8.7)	Yugoslavia
85.13	Electrical line apparatus	6 605.0	(7)	Yugoslavia
ex-86.07	Railway goods wagons	6 442.6	5.5	Yugoslavia
86.09	Railway parts	945.8	(5.7)	Yugoslavia
ex-87.02	Motor vehicles	2 797.4	(15.5)	Yugoslavia
87.06	Motor-vehicle parts	15 031.6	(8.7)	Yugoslavia
87.09	Motorcycles	824.1	10.5	Yugoslavia
88-03	Aircraft parts	3 052.6	5	Lebanon
ex-89.01	Boats (non-seagoing)	3 732.2	(4)	Yugoslavia
ex-89.03	Floating docks, cranes, etc.	1 913.6	4	Brazil
ex-90.07	Photo flash apparatus	2 374.0	8.3	Singapore
90.09	Projectors (non-cine), enlargers	3 655.8	10.5	Singapore
90.20	X-ray apparatus	508.7	6.5	Yugoslavia
90.24	Pressure gauges, thermostats	1 641.4	9	Yugoslavia
90.26	Meters (gas, liquid, electricity)	1 568.6	9	Yugoslavia
90.27	Revolution counters, taximeters	574.1	(8)	Yugoslavia
98.11	Smoking pipes	528.5	(6.5)	Algeria
98.12	Combs	507.2	9	Hong Kong
	TOTAL OF ABOVE (thousands of u.a.) .	266,904.0		
	Weighted average tariff		*7.4 per cent*	
Textiles (other than cotton) and footwear (EEC Regulation No. 2799/71)				
ex-58-02	Mats, carpets, etc. (except jute or coir)	2 414.6	(15.3)	Yugoslavia
58.09	Tulle and lace	641.8	(12.8)	Brazil
ex-60.05	Knit pullovers (wool)	1 303.8	10.5	Yugoslavia
61.06	Shawls, scarves	1 002.5	16	India
	TOTAL OF ABOVE (thousands of u.a) .	5 362.7		
	Weighted average tariff		*14.0 per cent*	

[a] More than 500,000 u.a.

[b] Figures in parentheses are simple averages of rates applied in tariff categories covered.

ANNEX IV

EEC imports in 1972 from beneficiary countries and territories, grouped by categories and geographical regions

A. Imports from real[a] beneficiary countries and territories

TABLE A.1

IMPORTS FROM ALL REAL BENEFICIARY COUNTRIES AND TERRITORIES (SUMMARY TABLE)

(In thousands of u.a.)

CCCN chapters and regions (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	Percentages (6)/(3)	Percentages (6)/(5)
I. Total imports (from both notifying and non-notifying countries and territories)								
1-24								
Africa	182 267.2	131 116.0	1 286.0	1 286.0	1 286.0	1.0	1.0	100.0
Asia	511 594.8	317 585.6	12 366.4	12 366.4	12 366.4	3.9	3.9	100.0
Europe	223 351.4	205 936.8	22 122.5	22 122.5	22 122.5	10.7	10.7	100.0
Latin America	2 130 822.8	1 770 508.8	37 409.9	37 409.9	37 409.9	2.1	2.1	100.0
LDDC	87 371.8	40 371.4	2 165.1	2 165.1	2 165.1	5.4	5.4	100.0
Territories	113 048.9	101 301.8	1 145.9	1 145.9	1 145.9	1.1	1.1	100.0
	3 248 456.9	2 566 820.4	76.495.8	76 495.8	76 495.8	3.0	3.0	100.0
25-99								
Africa	3 512 611.7	87 827.7	37 966.6	37 686.5	20 443.8	42.9	23.2	54.2
Asia	6 267 703.4	493 213.5	415 121.7	404 322.2	165 721.5	82.0	33.6	41.0
Europe	700 344.9	544 049.6	509 725.7	385 504.5	203 556.1	70.8	37.4	52.8
Latin America	1 357 634.7	278 610.8	219 282.7	180 633.6	124 231.1	64.8	44.6	68.8
LDDC	95 606.2	19 660.7	10 410.8	9 652.1	7 363.3	49.0	37.4	76.3
Territories	759 984.0	434.393.8	423.842.0	135 380.1	54 548.3	31.2	12.6	40.3
	12 693 884.9	1 857 756.1	1 616 349.5	1 153 179.0	575 864.1	62.4	30.8	49.3
1-99								
Africa	3 694 878.9	218 943.7	39 252.6	38 972.5	21 729.8	17.8	9.9	55.7
Asia	6 779 298.2	810 799.1	427 488.1	416 688.6	178 087.9	51.4	22.0	42.7
Europe	923 696.3	749 986.4	531 848.2	407 627.0	225 678.6	54.3	30.1	55.3
Latin America	3 488 457.5	2 049 119.6	256 692.6	218 043.5	161 641.0	10.6	7.9	74.1
LDDC	182 978.0	60 032.1	12 575.9	11 817.2	9 528.4	60.1	15.9	80.6
Territories	873 032.9	535 965.6	424 987.9	136 596.0	55 694.2	25.5	10.4	40.8
	15 942 341.8	4 424 576.5	1 692 845.3	1 229 674.8	652 359.9	27.8	14.7	53.1
II. Imports from notifying countries and territories								
1-24								
Africa	52 232.0	45 265.5	289.3	289.3	289.3	0.6	0.6	100.0
Asia	496 510.1	308 637.9	11 750.7	11 750.7	11 750.7	3.8	3.8	100.0
Europe	223 351.4	205 936.8	22 122.5	22 122.5	22 122.5	10.7	10.7	100.0
Latin America	1 801 310.0	1 457 890.7	31 904.3	31 904.3	31 904.3	2.2	2.2	100.0
LDDC	25 213.0	18 610.1	1 731.2	1 731.2	1 731.2	9.3	9.3	100.0
Territories	66 051.7	58 908.5	1 012.9	1 012.9	1 012.9	1.7	1.7	100.0
	2 664 168.2	2 095 249.5	68 810.9	68 810.9	68 810.9	3.3	3.3	100.0
25-99								
Africa	136 637.7	26 418.0	19 297.9	19 232.4	8 459.4	72.8	32.0	43.9
Asia	2 158 245.4	468 365.0	398 704.7	388 418.1	153 844.8	82.9	32.8	39.6
Europe	700 344.9	544 049.6	509 725.7	385 504.5	203 556.1	70.8	70.8	52.8
Latin America	784 237.5	250 316.2	197 305.2	159 375.6	105 346.3	63.7	42.1	66.1
LDDC	31 992.7	9 162.5	8 976.8	8 261.2	6 064.6	90 2	66.2	73.4
Territories	503 697.6	415 960.0	412 338.3	125 050.7	45 143.9	30.1	10.9	36.1
	4 315 155.8	1 714 271.3	1 546 348.6	1 085 842.5	522 415.1	63.3	30.5	48.1

TABLE A.1 (*continued*)

IMPORTS FROM ALL REAL BENEFICIARY COUNTRIES AND TERRITORIES (SUMMARY TABLE)

(In thousands of u.a.)

CCCN chapters and regions (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	(6)/(3)	(6)/(5)
1-99								
Africa	188 869.7	71 683.5	19 587.2	19 521.7	8 748.7	27.2	12.2	44.8
Asia	2 654 755.5	777 002.9	410 455.4	400 168.8	165 595.5	51.5	21.3	41.4
Europe	923 696.3	749 986.4	531 848.2	407 627.0	225 678.6	54.3	30.1	55.3
Latin America	2 585 547.5	1 708 206.9	229 209.5	191 279.9	137 250.6	11.2	8.0	71.8
LDDC	57 205.7	27 772.6	10 708.0	9 992.4	7 795.8	36.0	28.1	78.0
Territories	569 749.3	474 868.5	413 351.2	126 063.6	46 156.8	26.5	9.7	36.6
	6 979 824.0	3 809 520.8	1 615 159.5	1 154 653.4	591 226.0	30.3	15.5	51.2
III. *Imports from non-notifying countries and territories*								
1-24								
Africa	130 035.2	85 850.5	996.7	996.7	996.7	1.2	1.2	100.0
Asia	15 084.7	8 947.7	615 7	615.7	615.7	6.9	6.9	100.0
Europe	—	—	—	—	—	—	—	—
Latin America	329 512.8	312 618.1	5 505.6	5 505.6	5 505.6	1.8	1.8	100.0
LDDC	62 158.8	21 761.3	433.9	433.9	433.9	2.0	2.0	100.0
Territories	46 997.2	42 393.3	133.0	133.0	133.0	0.3	0.3	100.0
	583 788.7	471 570.9	7 684.9	7 684.9	7 684.9	1.6	1.6	100.0
25-99								
Africa	3 375 974.0	61 409.7	18 668.7	18 454.1	11 984.4	30.1	19.5	64.9
Asia	4 109 458.0	24 848.5	16 417.0	15 904.1	11 876.7	64.0	47.8	74.7
Europe	—	—	—	—	—	—	—	—
Latin America	573 397.2	28 294.6	21 977.5	21 258.0	18 884.8	75.1	66.7	88.8
LDDC	63 613.5	10 498.2	1 434.0	1 390.9	1 298.7	13.2	12.4	93.3
Territories	256 286.4	18 433.8	11 503.7	10 329.4	9 404.4	56.0	51.0	91.1
	8 378 729.1	143 484.8	70 000.9	67 336.5	53 449.0	46.9	35.4	79.4
1-99								
Africa	3 506 009.2	147 260.2	19 665.4	19 450.8	12 981.1	13.2	8.8	66.7
Asia	4 124 542.7	33 796.2	17 032.7	16 519.8	12 492.4	49.0	37.0	75.6
Europe	—	—	—	—	—	—	—	—
Latin America	902 910.0	340 912.7	27 483.1	26 763.6	24 390.4	7.8	7.2	91.1
LDDC	125 772.3	32 259.5	1 867.9	1 824.8	1 732.6	5.7	5.4	94.9
Territories	303 283.6	60 827.1	11 636.7	10 462.4	9 537.4	17.2	15.7	91.2
	8 962 517.8	615 055.7	77 685.8	75 021.4	61 133 .9	12.2	9.9	81.5

[a] "Real" beneficiaries include all countries and territories recognized as beneficiaries of the EEC scheme for 1972 except those countries and territories which enjoy a special régime in the EEC.

TABLE A.2

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN AFRICA

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	(6)/(3)	(6)/(5)
Algeria (B)								
1-24	44 425.5	42 783.0	996.7	996.7	996.7	2.3	2.3	100.0
25-99	687 634.1	29 424.8	13 999.1	13 788.4	7 617.3	46.9	25.8	55.2
1-99	732 059.6	72 207.8	14 995.8	14 785.1	8 614.0	20.5	11.9	58.3
Egypt (N)								
1-24	22 928.6	16 439.4	255.7	255.7	255.7	1.6	1.6	100.0
25-99	90 301.8	20 904.3	17 524.6	17 524.6	7 309.7	83.8	35.0	41.7
1-99	113 230.4	37 343.7	17 780.3	17 780.3	7 565.4	47.6	20.3	42.5
Equatorial Guinea (B)								
1-24	450.9	436.6	—	—	—	—	—	—
25-99	113.9	19.8	—	—	—	—	—	—
1-99	564.8	456.4	—	—	—	—	—	—
Gambia (B)								
1-24	4 221.3	39.9	—	—	—	—	—	—
25-99	73.1	15.9	11.1	11.1	11.1	69.8	69.8	100.0
1-99	4 294.4	55.8	11.1	11.1	11.1	19.8	19.8	100.0
Ghana (N)								
1-24	27 610.8	27 146.9	11.6	11.6	11.6	—	—	100.0
25-99	45 103.0	4 662.0	1 022.3	964.5	882.7	20.6	18.9	91.5
1-99	72 713.8	31 808.9	1 033.9	976.1	894.3	3.1	2.8	91.6
Liberia (B)								
1-24	3 131.6	2 593.4	—	—	—	—	—	—
25-99	203 735.9	759.4	752.3	752.0	752.0	99.0	99.0	100.0
1-99	206 867.5	3 352.8	752.3	752.0	752.0	22.4	22.4	100.0
Libyan Arab Republic (B)								
1-24	222.8	13.5	—	—	—	—	—	—
25-99	1 399 243.6	22 790.8	2 843.6	2 841.3	2 558.5	12.4	11.2	90.0
1-99	1 399 466.4	22 804.3	2 843.6	2 841.3	2 558.5	12.4	11.2	90.0
Mauritius (N)								
1-24	1 692.6	1 679.2	22.0	22.0	22.0	1.3	1.3	100.0
25-99	1 232.9	851.7	751.0	743.3	267.0	87.2	31.3	35.9
1-99	2 925.5	2 530.9	773.0	765.3	289.0	30.2	11.4	37.8
Nigeria (B)								
1-24	72 491.8	38 813.4	—	—	—	—	—	—
25-99	856 263.5	4 452.0	847.6	847.0	833.9	19.2	18.7	98.4
1-99	928 755.3	43 265.4	847.6	847.0	833.9	19.2	18.7	98.4
Sierra Leone (B)								
1-24	4 986.3	1 164.1	—	—	—	—	—	—
25-99	16 898.7	34.1	33.0	32.3	32.3	94.7	94.7	100.0
1-99	21 885.0	1 198.2	33.0	32.3	32.3	2.7	2.7	100.0
Zambia (B)								
1-24	105.0	6.6	—	—	—	—	—	—
25-99	212 011.2	3 912.9	182.0	182.0	179.3	4.6	4.6	98.5
1-99	212 116.2	3 919.5	182.0	182.0	179.3	4.6	4.6	98.5

TABLE A.2 (*continued*)

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN AFRICA

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	*Total imports* (2)	*Dutiable imports* (3)	*Imports covered by the scheme* (4)	*Imports eligible for preferences* (5)	*Potentially preferential imports (estimates)* (6)	*Percentages* (5)/(3)	(6)/(3)	(6)/(5)
Sub-total (N)								
1-24	52 232.0	45 265.5	289.3	289.3	289.3	0.6	0.6	100.0
25-99	136 637.7	26 418.0	19 297.9	19 232.4	8 459.4	72.8	32.0	43.9
1-99	188 869.7	71 683.5	19 587.2	19 521.7	8 748.7	27.2	12.2	44.8
Sub-total (B)								
1-24	130 035.2	85 850.5	996.7	996.7	996.7	1.2	1.2	100.0
25-99	3 375 974.0	61 409.7	18 668.7	18 454.1	11 984.4	30.1	19.5	64.9
1-99	3 506 009.2	147 260.2	19 665.4	19 450.8	12 981.1	13.2	8.8	66.7
TOTAL (B)+(N)								
1-24	182 267.2	131 116.0	1 286.0	1 286.0	1 286.0	1.0	1.0	100.0
25-99	3 512 611.7	87 827.7	37 966.6	37 686.5	20 443.8	42.9	23.2	54.2
1-99	3 694 878.9	218 943.7	39 252.6	38 972.5	21 729.8	17.8	9.9	55.7

TABLE A.3

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN ASIA

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	Percentages (6)/(3)	Percentages (6)/(5)
Burma (B)								
1-24	4 841.7	2 552.6	—	—	—	—	—	—
25-99	11 700.2	445.6	437.0	437.0	415.0	98.0	93.1	94.9
1-99	16 541.9	2 998.2	437.0	437.0	415.0	14.6	13.8	94.9
Cambodia (B)								
1-24	18.6	7.3	2.0	2.0	2.0	27.4	27.4	100.0
25-99	338.0	21.3	21.3	16.5	14.2	77.4	66.7	86.1
1-99	356.6	28.6	23.3	18.5	16.2	64.7	56.6	87.5
Democratic Yemen (B)								
1-24	294.8	138.2	33.0	33.0	33.0	23.9	23.9	100.0
25-99	2 947.8	1 096.1	490.7	490.7	375.4	44.7	34.2	76.5
1-99	3 242.6	1 234.3	523.7	523.7	408.4	42.4	33.1	78.0
India (N)								
1-24	59 374.6	28 390.2	2 526.1	2 526.1	2 526.1	8.9	8.9	100.0
25-99	192 344.5	83 390.0	53 213.8	53 213.8	30 040.4	63.8	36.1	56.4
1-99	251 719.1	111 780.2	55 739.9	55 739.9	32 566.5	49.9	29.1	58.4
Indonesia (N)								
1-24	110 559.4	81 556.7	1 751.7	1 751.7	1 751.7	2.1	2.1	100.0
25-99	98 890.0	10 416.2	6 719.9	6 641.0	6 345.6	63.7	60.9	95.6
1-99	209 449.4	91 972.9	8 471.6	8 392.7	8 097.3	9.1	8.8	96.5
Iran (N)								
1-24	22 902.3	11 798.7	1 906.6	1 906.6	1 906.6	16.2	16.2	100.0
25-99	1 236 264.1	155 152.4	153 612.7	153 488.9	39 786.1	98.9	25.6	25.9
1-99	1 259 166.4	166 951.1	155 519.3	155 395.5	41 692.7	93.1	25.0	26.8
Iraq (B)								
1-24	.3 351.0	2 832.7	178.7	178.7	178.7	6.3	6.3	100.0
25-99	613 772.8	864.2	856.6	536.9	496.2	62.1	57.4	92.4
1-99	617 123.8	3 696.9	1 035.3	715.6	674.9	19.3	18.2	94.3
Jordan (B)								
1-24	184.5	178.9	—	—	—	—	—	—
25-99	1 042.2	612.1	582.6	546.1	536.0	89.2	87.6	98.2
1-99	1 226.7	791.0	582.6	546.1	536.0	69.0	67.8	98.2
Kuwait (B)								
1-24	169.5	169.5	—	—	—	—	—	—
25-99	1 185 505.1	10 313.2	8 774.7	8 769.2	5 750.9	85.0	55.8	65.6
1-99	1 185 674.6	10 482.7	8 774.7	8 769.2	5 750.9	83.7	54.9	65.6
Lebanon (N)								
1-24	8 992.8	3 338.2	60.5	60.5	60.5	1.8	1.8	100.0
25-99	63 094.1	8 883.6	8 251.8	7 499.4	4 559.0	84.4	51.3	60.8
1-99	72 086.9	12 221.8	8 312.3	7 559.9	4 619.5	61.9	37.8	61.1
Malaysia (N)								
1-24	37 964.1	34 955.2	1 740.0	1.740.0	1 740.0	5.0	5.0	100.0
25-99	225 838.8	6 953.2	6 670.5	5 696.3	3 867.3	81.9	55.6	67.9
1-99	263 802.9	41 908.4	8 410.5	7 436.3	5 607.3	17.7	13.4	75.4
Pakistan (N)								
1-24	11 371.2	5 646.1	1 932.1	1 932.1	1 932.1	34.2	34.2	100.0
25-99	110 780.5	65 330.5	35 793.0	35 793.0	16 330.2	54.7	24.9	45.6
1-99	122 151.7	70 976.6	37 725.1	37 725.1	18 262.3	53.1	25.7	48.4

TABLE A.3 (*continued*)

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN ASIA

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	(6)/(3)	(6)/(5)
Philippines (N)								
1-24	119 573.2	22 516.7	554.6	554.6	554.6	2.5	2.5	100.0
25-99	19 581.0	6 869.1	6 858.6	6 765.5	3 370.1	98.5	49.1	49.8
1-99	139 154.2	29 385.8	7 413.2	7 320.1	3 924.7	24.9	13.4	53.6
Korea, Republic of (N)								
1-24	9 405.1	8 753.3	213.8	213.8	213.8	2.4	2.4	100.0
25-99	75 169.1	73 405.2	72 138.3	72 138.3	25 640.4	98.2	34.9	35.5
1-99	84 574.2	82 158.5	72 352.1	72 352.1	25 854.2	88.1	31.5	35.6
Republic of South Viet-Nam (N)								
1-24	542.7	449.9	289.5	289.5	289.5	64.3	64.3	100.0
25-99	5 662.3	174.2	173.5	173.5	165.5	99.6	95.0	95.4
1-99	6 205.0	624.1	463.0	463.0	455.0	74.2	72.9	98.3
Saudi Arabia (B)								
1-24	206.8	191.5	1.0	1.0	1.0	0.5	0.5	100.0
25-99	2 222 041.3	10 644.7	4 426.0	4 425.7	3 640.3	41.5	34.2	82.2
1-99	2 222 248.1	10 836.2	4 427.0	4 426.7	3 641.3	40.9	33.6	82.3
Singapore (N)								
1-24	13 926.4	11 882.4	196.7	196.7	196.7	1.7	1.7	100.0
25-99	66 872.1	51 512.8	50 969.3	43 248.3	20 871.1	84.0	40.4	48.3
1-99	80 798.5	63 395.2	51 166.0	43 445.0	21 067.8	68.6	33.2	48.5
Sri Lanka (N)								
1-24	17 799.7	17 581.4	198.1	198.1	198.1	1.1	1.1	100.0
25-99	12 715.7	1 435.8	239.7	210.3	167.5	14.6	11.6	79.6
1-99	30 515.4	19 017.2	437.8	408.4	365.6	2.1	1.9	89.5
Syrian Arab Republic (B)								
1-24	6 017.8	2 877.0	401.0	401.0	401.0	13.9	13.9	100.0
25-99	72 110.6	851.3	828.1	682.0	648.7	80.1	76.2	95.1
1-99	78 128.4	3 728.3	1 229.1	1 083.0	1 049.7	29.2	28.2	96.9
Thailand (N)								
1-24	84 098.6	81 769.1	381.0	381.0	381.0	0.5	0.5	100.0
25-99	51 033.2	4 842.0	4 063.6	3 549.8	2 701.6	73.3	55.7	76.1
1-99	135 131.8	86 611.1	4 444.6	3 930.8	3 082.6	4.5	3.5	78.4
Sub-total (N)								
1-24	496 510.1	308 637.9	11 750.7	11 750.7	11 750.7	3.8	3.8	100.0
25-99	2 158 245.4	468 365.0	398 704.7	388 418.1	153 844.8	82.9	32.8	39.6
1-99	2 654 755.5	777 002.9	410 455.4	400 168.8	165 595.5	51.5	21.5	41.4
Sub-total (B)								
1-24	15 084.7	8 947.7	615.7	615.7	615.7	6.9	6.9	100.0
25-99	4 109 458.0	24 848.5	16 412.0	15 904.1	11 876.7	64.0	47.8	74.7
1-99	4 124 542.7	33 796.2	17 032.7	16 519.8	12 492.4	48.9	37.0	75.6
TOTAL (N)+(B)								
1-24	511 594.8	317 585.6	12 366.4	12 366.4	12 366.4	3.9	3.9	100.0
25-99	6 267 703.4	493 213.5	415 121.7	404 322.2	165 721.5	82.0	33.6	41.0
1-99	6 779 298.2	810 799.1	427 488.1	416 688.6	178 027.9	51.4	22.0	42.7

TABLE A.4

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN EUROPE

(In thousands of u.a.)

(N) = Notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	Percentages (6)/(3)	Percentages (6)/(5)
Cyprus (N)								
1-24	6 878.9	6 746.4	625.7	625.7	625.7	9.3	9.6	100.0
25-99	24 859.2	561.3	494.9	460.8	310.4	82.1	55.2	67.4
1-99	31 738.1	7 307.7	1 120.6	1 086.5	936.1	14.8	12.9	86.2
Yugoslavia (N)								
1-24	216 472.5	199 190.4	21 496.8	21 496.8	21 496.8	10.8	10.8	100.0
25-99	675 485.7	543 488.3	509 230.8	385 043.7	203 245.7	70.8	37.4	52.7
1-99	891 958.2	742 678.7	530 727.6	406 540.5	224 742.5	54.7	30.2	55.2
TOTAL (N)								
1-24	223 351.4	205 936.8	22 122.5	22 122.5	22 122.5	10.7	10.7	100.0
25-99	700 344.9	544 049.6	519 725.7	385 504.5	203 556.1	70.8	37.4	52.8
1-99	923 696.3	749 986.4	531 848.2	407 627.0	225 678.6	54.3	30.1	55.3

TABLE A.5

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN LATIN AMERICA

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	Percentages (6)/(3)	Percentages (6)/(5)
Argentina (N)								
1-24	690 763.2	615 766.5	16 015.9	16 015.9	16 015.9	2.6	2.6	100.0
25-99	86 851.5	35 080.1	25 386.7	23 948.7	14 514.1	68.3	41.4	60.6
1-99	777 614.7	650 846.6	41 402.6	39 964.6	30 530.0	6.1	4.6	76.4
Barbados (B)								
1-24	265.2	263.7	—	—	—	—	—	—
25-99	112.6	6.6	6.6	6.0	6.0	90.9	90.9	100.0
1-99	377.8	270.3	6.6	6.0	6.0	2.2	2.2	100.0
Bolivia (B)								
1-24	1 166.2	1 019.1	—	—	—	—	—	—
25-99	25 995.6	762.4	691.6	682.0	510.0	89.4	66.9	74.8
1-99	27 161.8	1 781.5	691.6	682.0	510.0	38.3	28.6	74.8
Brazil (N)								
1-24	686 552.5	459 690.2	15 387.7	15 387.7	15 387.7	3.3	3.3	100.0
25-99	401 741.4	121 423.4	110 601.4	78 262.6	53 508.8	64.4	44.1	68.4
1-99	1 088 293.9	581 113.6	125 989.1	93 650.3	68 896.5	16.1	11.8	73.6
Chile (B)								
1-24	14 583.5	13 666.1	1 873.2	1 873.2	1 873.2	13.7	13.7	100.0
25-99	271 640.4	1 309.2	1 304.7	744.9	725.9	56.9	55.4	97.4
1-99	286 223.9	14 975.3	3 177.9	2 618.1	2 599.1	17.4	17.4	99.3
Colombia (N)								
1-24	136 588.7	134 722.1	204.3	204.3	204.3	0.2	0.2	100.0
25-99	38 267.0	12 228.3	9 885.8	9 885.8	3 748.6	80.8	30.7	37.9
1-99	174 855.7	146 950.4	10 090.1	10 090.1	3 952.9	6.9	2.7	39.2
Costa Rica (B)								
1-24	69 852.3	69 618.1	—	—	—	—	—	—
25-99	1 282.2	1 078.6	697.2	680.7	673.7	63.1	62.5	99.0
1-99	71 134.5	70 696.7	697.2	680.7	673.7	1.0	1.0	99.0
Dominican Republic (B)								
1-24	8 024.0	8 013.7	—	—	—	—	—	—
25-99	16 595.0	6 996.5	6 595.6	6 595.6	6 595.6	94.3	94.3	100.0
1-99	24 619.0	15 010.2	6 595.6	6 595.6	6 595.6	43.9	43.9	100.0
Ecuador (B)								
1-24	56 526.4	53 399.3	469.8	469.8	469.8	0.9	0.9	100.0
25-99	3 964.2	854.0	797.6	719.6	714.8	84.3	83.7	99.3
1-99	60 490.6	54 253.3	1 267.4	1 189.4	1 184.6	2.6	2.6	99.6
El Salvador (N)								
1-24	57 887.2	57 629.0	13.7	13.7	13.7	—	—	100.0
25-99	4 235.1	862.4	833.0	249.6	204.4	28.9	23.7	81.9
1-99	62 122.3	58 491.4	846.7	263.3	218.1	0.5	0.4	82.8
Guatemala (B)								
1-24	51 462.5	50 100.5	43.2	43.2	43.2	0.1	0.1	100.0
25-99	9 532.1	628.6	281.6	255.2	252.4	40.6	40.2	98.9
1-99	60 994.6	50 729.1	324.8	298.4	295.6	0.6	0.6	99.1

TABLE A.5 (*continued*)

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN LATIN AMERICA

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	*Total imports* (2)	*Dutiable imports* (3)	*Imports covered by the scheme* (4)	*Imports eligible for preferences* (5)	*Potentially preferential imports (estimates)* (6)	*Percentages* (5)/(3)	(6)/(3)	(6)/(5)
Guyana (B)								
1-24	380.7	335.2	—	—	—	—	—	—
25-99	11 069.8	1 379.8	11.5	11.5	11.5	0.8	0.8	100.0
1-99	11 450.5	1 715.0	11.5	11.5	11.5	0.7	0.7	100.0
Honduras (B)								
1-24	40 103.2	39 689.9	624.4	624.4	624.4	1.6	1.6	100.0
25-99	7 064.8	172.8	172.8	171.8	170.0	99.4	98.4	99.0
1-99	47 168.0	39 862.7	797.2	796.2	794.4	2.0	2.0	99.8
Jamaica (N)								
1-24	2 676.5	2 557.8	33.9	33.9	33.9	1.3	1.3	100.0
25-99	582.2	129.3	94.9	94.9	94.5	73.4	73.4	99.6
1-99	3 204.7	2 687.1	128.8	128.8	128.4	4.8	4.8	99.7
Mexico (N)								
1-24	33 232.2	25 717.2	218.3	218.3	218.3	0.8	0.8	100.0
25-99	78 532.6	42 829.0	31 856.1	31 856.1	24 617.0	74.4	57.5	77.3
1-99	111 764.8	68 546.2	32 074.4	32 074.4	24 835.3	46.8	36.2	77.4
Nicaragua (N)								
1-24	19 546.0	19 051.5	—	—	—	—	—	—
25-99	12 586.6	1 340.4	1 334.7	1 334.7	1 330.9	99.3	99.3	99.7
1-99	32 132.6	20 391.9	1 334.7	1 334.7	1 330.9	6.5	6.5	99.7
Panama (B)								
1-24	49 055.3	48 741.6	29.7	29.7	29.7	0.1	0.1	100.0
25-99	7 087.7	3 411.6	3 213.0	3 211.8	2 394.8	94.1	70.2	74.6
1-99	56 143.0	52 153.2	3 242.7	3 241.5	2 424.5	6.2	4.6	74.8
Paraguay (B)								
1-24	27 422.9	17 187.6	2 156.5	2 156.5	2 156.5	12.5	12.5	100.0
25-99	5 502.4	1 194.4	139.0	136.6	132.8	11.4	11.1	97.2
1-99	32 925.3	18 382.0	2 295.5	2 293.1	2 289.3	19.5	12.5	99.8
Peru (N)								
1-24	124 947.1	95 604.4	8.7	8.7	8.7	—	—	100.0
25-99	122 318.0	5 599.3	1 318.9	1 318.9	1 152.4	23.6	20.6	87.4
1-99	247 265.1	101 203.7	1 327.6	1 327.6	1 161.1	1.3	1.1	87.5
Trinidad and Tobago (N)								
1-24	731.1	724.6	—	—	—	—	—	—
25-99	11 316.1	10 031.6	4 723.3	4 700.2	2 756.8	46.9	27.5	58.7
1-99	12 047.2	10 756.2	4 723.3	4 700.2	2 756.8	43.7	25.6	58.7
Uruguay (N)								
1-24	48 385.5	46 427.4	21.8	21.8	21.8	—	—	100.0
25-99	27 861.0	20 792.4	11 270.4	7 724.1	3 418.8	37.1	16.4	44.3
1-99	76 246.5	67 219.8	11 292.2	7 745.9	3 440.6	11.5	5.1	44.4
Venezuela (B)								
1-24	10 670.6	10 583.3	308.8	308.8	308.8	2.9	2.9	100.0
25-99	213 550.4	10 500.1	8 066.3	8 042.3	6 697.3	76.5	63.7	83.3
1-99	224 221.0	21 083.4	8 375.1	8 351.1	7 006.1	39.6	33.2	83.9

TABLE A.5 (*concluded*)

IMPORTS FROM REAL BENEFICIARY COUNTRIES IN LATIN AMERICA

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters	*Total imports*	*Dutiable imports*	*Imports covered by the scheme*	*Imports eligible for preferences*	*Potentially preferential imports (estimates)*	*Percentages*		
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(5)/(3)*	*(6)/(3)*	*(6)/(5)*
Sub-total (N)								
1-24	1 801 310.0	1 457 890.7	31 904.3	31 904.3	31 904.3	2.2	2.2	100.0
25-99	784 237.5	250 316.2	197 305.2	159 375.6	105 346.3	63.7	42.1	66.1
1-99	2 585 547.5	1 708 206.9	229 209.5	191 279.9	137 250.6	11.2	8.0	71.8
Sub-total (B)								
1-24	329 512.8	312 618.1	5 505.6	5 505.6	5 505.6	1.8	1.8	100.0
25-99	573 397.2	28 294.6	21 977.5	21 258.0	18 884.8	75.1	66.7	88.8
1-99	902 910.0	340 912.7	27 483.1	26 763.6	24 390.4	7.8	7.2	91.1
TOTAL (N)+(B)								
1-24	2 130 822.8	1 770 508.8	37 409.9	37 409.9	37 409.9	2.1	2.1	100.0
25-99	1 357 634.7	278 610.8	219 282.7	180 633.6	124 231.1	64.8	44.6	68.8
1-99	3 488 457.5	2 049 119.6	256 692.6	218 043.5	161 641.0	10.6	7.9	74.1

TABLE A.6

IMPORTS FROM REAL BENEFICIARY COUNTRIES THAT ARE AMONG THE LEAST DEVELOPED OF THE DEVELOPING COUNTRIES

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	(6)/(3)	(6)/(5)
Afghanistan (N)								
1-24	606.1	332.7	16.2	16.2	16.2	4.9	4.9	100.0
25-99	23 398.3	7 834.1	8 194.9	7 479.3	5 296.3	95.4	67.6	70.8
1-99	24 004.4	8 166.8	8 211.1	7 495.5	5 312.5	91.7	65.1	70.8
Botswana (N)								
1-24	60.9	—	—	—	—	—	—	—
25-99	281.1	1.2	1.2	1.2	1.2	100.0	100.0	100.0
1-99	342.0	1.2	1.2	1.2	1.2	100.0	100.0	100.0
Ethiopia (N)								
1-24	24 546.0	18 277.4	1 715.0	1 715.0	1 715.0	9.4	9.4	100.0
25-99	8 313.3	1 327.2	780.7	780.7	767.1	58.9	57.8	98.8
1-99	32 859.3	19 604.6	2 495.7	2 495.7	2 482.1	12.7	12.7	99.4
Guinea (B)								
1-24	495.3	358.9	12.1	12.1	12.1	3.4	3.4	100.0
25-99	8 926.2	8 387.9	327.2	327.2	327.2	3.9	3.9	100.0
1-99	9 421.5	8 746.8	339.3	339.3	339.3	3.8	3.8	100.0
Haiti (B)								
1-24	11 064.0	10 873.0	324.0	324.0	324.0	3.0	3.0	100.0
25-99	2 002.7	644.0	276.4	233.3	184.3	36.2	28.6	79.0
1-99	13 066.7	11 517.0	600.4	557.3	508.3	4.8	4.4	91.2
Laos (B)								
1-24	84.8	3.7	—	—	—	—	—	—
25-99	4 755.2	15.7	15.7	15.7	15.7	100.0	100.0	100.0
1-99	4 840.0	19.4	15.7	15.7	15.7	80.9	80.9	100.0
Lesotho (B)								
1-24	10.8	10.8	—	—	—	—	—	—
25-99	80.3	75.8	5.4	5.4	5.4	7.1	7.1	100.0
1-99	91.1	86.6	5.4	5.4	5.4	6.2	6.2	100.0
Malawi (B)								
1-24	2 581.2	1 855.7	—	—	—	—	—	—
25-99	86.3	21.2	12.4	12.4	12.4	100.0	100.0	100.0
1-99	2 667.5	1 876.9	12.4	12.4	12.4	0.7	0.7	100.0
Maldives (B)								
1-24	29.7	29.7	—	—	—	—	—	—
25-99	64.3	46.5	0.4	0.4	0.4	0.9	0.9	100.0
1-99	94.0	76.2	0.4	0.4	0.4	0.5	0.5	100.0
Nepal (B)								
1-24	46.0	9.7	9.7	9.7	9.7	100.0	100.0	100.0
25-99	9 006.2	279.2	205.1	205.1	178.0	73.4	73.4	86.7
1-99	9 052.2	288.9	214.8	214.8	187.7	74.4	65.0	87.3
Sudan (B)								
1-24	47 620.0	8 548.0	88.1	88.1	88.1	1.0	1.0	100.0
25-99	37 804.3	1 020.2	583.7	583.7	570.0	57.2	55.9	97.7
1-99	85 424.3	9 568.2	671.8	671.8	658.1	7.1	6.9	98.0

TABLE A.6 (*continued*)

IMPORTS FROM REAL BENEFICIARY COUNTRIES THAT ARE AMONG THE LEAST DEVELOPED OF THE DEVELOPING COUNTRIES

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	(6)/(3)	(6)/(5)
Yemen Arab Republic (B)								
1-24	227.0	71.8	—	—	—	—	—	—
25-99	888.0	7.7	7.7	7.7	5.3	100.0	68.8	68.8
1-99	1 115.0	79.5	7.7	7.7	5.3	9.7	6.7	68.8
Sub-total (N)								
1-24	25 213.0	18 610.1	1 731.2	1 731.2	1 731.2	9.3	9.3	100.0
25-99	31 992.7	9 162.5	8 976.8	8 261.2	6 064.6	90.2	66.2	73.4
1-99	57 205.7	27 772.6	10 708.0	9 992.4	7 795.8	36.0	28.1	78.0
Sub-total (B)								
1-24	62 158.8	21 761.3	433.9	433.9	433.9	2.0	2.0	100.0
25-99	63 613.5	10 498.2	1 434.0	1 390.9	1 298.7	13.2	12.4	93.3
1-99	125 772.3	32 259.5	1 867.9	1 824.8	1 732.6	5.7	5.4	94.9
TOTAL (N)+(B)								
1-24	87 371.8	40 371.4	2 165.1	2 165.1	2 165.1	5.4	5.4	100.0
25-99	95 606.2	19 660.7	10 410.8	9 652.1	7 363.3	49.0	37.4	76.3
1-99	182 978.0	60 032.1	12 575.9	11 817.2	9 528.4	60.1	15.9	80.6

TABLE A.7

IMPORTS FROM REAL BENEFICIARY DEPENDENT TERRITORIES

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	Percentages (6)/(3)	Percentages (6)/(5)
Angola (B)								
1-24	40 910.6	37 124.9	43.6	43.6	43.6	0.1	0.1	100.0
25-99	33 840.3	1 281.2	998.0	8.5	8.5	0.6	0.6	100.0
1-99	74 750.9	38 406.1	1 041.6	52.1	52.1	0.1	0.1	100.0
Bahamas (B)								
1-24	532.4	426.9	—	—	—	—	—	—
25-99	5 079.9	5 024.1	5 013.1	5 013.1	4 844.5	99.8	96.4	96.6
1-99	5 612.3	5 451.0	5 013.1	5 013.1	4 844.5	92.0	88.9	96.6
Bahrain (B)								
1-24	97.4	97.4	—	—	—	—	—	—
25-99	4 412.8	4 242.5	2 387.3	2 324.3	1 568.5	54.7	36.9	67.4
1-99	4 510.2	4 339.9	2 387.3	2 324.3	1 568.5	53.5	36.1	67.4
Belize (B)								
1-24	1 746.9	1 717.2	62.6	62.6	62.6	3.6	3.6	100.0
25-99	785.9	108.2	69.1	41.7	41.7	38.5	38.5	100.0
1-99	2 532.8	1 825.4	131.7	104.3	104.3	5.7	5.7	100.0
Bermuda (B)								
1-24	1 286.1	1 286.1	—	—	—	—	—	—
25-99	7 481.1	7 381.0	2 720.8	2 717.6	2 717.6	36.8	36.8	100.0
1-99	8 767.2	8 667.1	2 720.8	2 717.6	2 717.6	31.4	31.4	100.0
British Indian Ocean Territories (B)								
1-24	1.0	—	—	—	—	—	—	—
25-99	4.3	4.3	4.3	4.3	4.3	100.0	100.0	100.0
1-99	5.3	4.3	4.3	4.3	4.3	100.0	100.0	100.0
Brunei (B)								
1-24	5.0	5.0	—	—	—	—	—	—
25-99	61.0	16.0	16.0	16.0	16.0	100.0	100.0	100.0
1-99	66.0	21.0	16.0	16.0	16.0	76.2	76.2	100.0
Cape Verde (B)								
1-24	—	—	—	—	—	—	—	—
25-99	0.3	0.3	0.3	0.3	0.3	100.0	100.0	100.0
1-99	0.3	0.3	0.3	0.3	0.3	100.0	100.0	100.0
Cayman Islands (B)								
1-24	2.1	2.1	—	—	—	—	—	—
25-99	7.1	7.1	7.1	7.1	7.1	100.0	100.0	100.0
1-99	9.2	9.2	7.1	7.1	7.1	77.2	77.2	100.0
Cook Islands (N)								
1-24	3.7	1.0	—	—	—	—	—	—
25-99	45.1	19.6	19.6	19.6	19.6	100.0	100.0	100.0
1-99	48.8	20.6	19.6	19.6	19.6	95.1	95.1	100.0
Falkland Islands (Malvinas) (N)								
1-24	10.7	10.7	—	—	—	—	—	—
25-99	252.3	2.4	2.4	2.4	2.4	100.0	100.0	100.0
1-99	263.0	13.1	2.4	2.4	2.4	18.3	18.3	100.0

TABLE A.7 (*continued*)

IMPORTS FROM REAL BENEFICIARY DEPENDENT TERRITORIES

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters (1)	Total imports (2)	Dutiable imports (3)	Imports covered by the scheme (4)	Imports eligible for preferences (5)	Potentially preferential imports (estimates) (6)	Percentages (5)/(3)	(6)/(3)	(6)/(5)
Guinea-Bissau (B)								
1-24	364.6	75.2	—	—	—	—	—	—
25-99	82.0	8.0	8.0	—	—	—	—	—
1-99	446.6	83.2	8.0	—	—	—	—	—
Hong Kong (N)								
1-24	8 515.8	5 743.5	1 006.7	1 006.7	1 006.7	17.5	17.5	100.0
25-99	399 300.7	377 774.4	377 162.3	120 462.8	41 682.1	31.9	11.0	34.6
1-99	407 816.5	383 517.9	378 169.0	121 469.5	42 688.8	31.7	11.1	35.2
Macao (N)								
1-24	24.2	12.3	—	—	—	—	—	—
25-99	31 533.0	31 532.7	31 509.0	1 700.1	902.9	5.4	2.9	53.1
1-99	31 557.2	31 545.0	31 509.0	1 700.1	902.9	5.4	2.9	53.1
Mozambique (N)								
1-24	17 626.0	14 917.5	1.7	1.7	1.7	—	—	100.0
25-99	31 934.2	3 014.4	1 987.9	1 939.9	1 939.2	64.3	64.3	100.0
1-99	49 560.2	17 931.9	1 989.6	1 941.6	1 940.9	10.8	10.8	100.0
Papua New Guinea (N)								
1-24	8 952.4	7 774.0	1.7	1.7	1.7	—	—	100.0
25-99	35 820.1	41.0	34.0	26.9	16.6	65.6	40.4	61.7
1-99	44 772.5	7 815.0	35.7	28.6	18.3	0.4	0.2	63.9
Portuguese Timor (N)								
1-24	1 155.8	1 131.4	1.8	1.8	1.8	1.8	0.2	100.0
25-99	1 295.8	831.8	812.0	158.5	155.6	19.1	18.7	98.2
1-99	2 451.6	1 963.2	813.8	160.3	157.4	8.2	8.0	98.2
Qatar (B)								
1-24	57.3	46.1	—	—	—	—	—	—
25-99	203 865.4	58.0	58.0	53.1	53.1	91.5	91.5	100.0
1-99	203 922.7	104.1	58.0	53.1	53.1	51.0	51.0	100.0
St. Helena (B)								
1-24	—	—	—	—	—	—	—	—
25-99	8.5	8.5	8.5	—	—	—	—	—
1-99	8.5	8.5	8.5	—	—	—	—	—
São Tomé (N)								
1-24	2 093.4	1 957.2	—	—	—	—	—	—
25-99	1.0	1.0	1.0	—	—	—	—	—
1-99	2 094.4	1 958.2	1.0	—	—	—	—	—
Seychelles (B)								
1-24	133.8	128.9	—	—	—	—	—	—
25-99	14.6	14.1	0.6	0.6	0.6	4.3	4.3	100.0
1-99	148.4	143.0	0.6	0.6	0.6	0.4	0.4	100.0
Spanish North Africa (N)								
1-24	27 680.4	27 371.6	1.0	1.0	1.0	—	—	—
25-99	3 767.7	2 745.1	812.5	742.9	427.9	27.1	15.6	57.6
1-99	31 448.1	30 116.7	813.5	743.9	428.9	2.5	1.4	57.7

TABLE A.7 (*concluded*)

IMPORTS FROM REAL BENEFICIARY DEPENDENT TERRITORIES

(In thousands of u.a.)

(N) = Notifying beneficiaries.
(B) = Non-notifying beneficiaries.

Countries and CCCN chapters	*Total imports*	*Dutiable imports*	*Imports covered by the scheme*	*Imports eligible for preferences*	*Potentially preferential imports (estimates)*		*Percentages*	
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(5)/(3)*	*(6)/(3)*	*(6)/(5)*
Turks and Caicos Islands (B)								
1-24	12.8	12.8	—	—	—	—	—	—
25-99	34.4	29.7	29.7	29.7	29.1	100.0	98.0	98.0
1-99	47.2	42.5	29.7	29.7	29.1	69.9	68.5	98.0
Virgin Islands (B)								
1-24	3.3	3.3	—	—	—	—	—	—
25-99	2.6	1.7	1.7	1.7	1.7	100.0	100.0	100.0
1-99	5.9	5.0	1.7	1.7	1.7	34.0	34.0	100.0
West Indies (B)								
1-24	1 833.2	1 456.7	26.8	26.8	26.8	1.8	1.8	100.0
25-99	353.9	246.7	178.8	109.0	109.0	44.2	44.2	100.0
1-99	2 187.1	1 703.4	205.6	135.8	135.8	8.0	8.0	100.0
Sub-total (N)								
1-24	66 051.7	58 908.5	1 012.9	1 012.9	1 012.9	1.7	1.7	100.0
25-99	503 697.6	415 960.0	412.338.3	125 050.7	45 143.9	30.1	10.9	36.1
1-99	569 749.3	474 868.5	413 351.2	126 063.6	46 156.8	26.5	9.7	36.6
Sub-total (B)								
1-24	46 997.2	42 393.3	133.0	133.0	133.0	0.3	0.3	100.0
25-99	256 286.4	18 433.8	11 503.7	10 329.4	9 404.4	56.0	51.0	91.1
1-99	903 283.6	60 827.1	11 636.7	10 462.4	9 537.4	17.2	15.7	91.2
TOTAL (N)+(B)								
1-24	113 048.9	101 301.8	1 145.9	1 145.9	1 145.9	1.1	1.1	100.0
25-99	759 984.0	434 393.8	423 842.0	135 380.1	54 548.3	31.2	12.6	40.3
1-99	873 032.9	535 695.6	424 987.9	136 526.0	55 694.2	25.5	10.4	40.8

[a] Leeward Islands, Antigua, Montserrat, St. Kitts-Nevis-Anguilla, British Virgin Islands, Windward Islands, Dominica, Grenada, St. Lucia, St. Vincent.

B. Imports from nominal beneficiary countries and territories

TABLE B.1

IMPORTS FROM NOMINAL[a] BENEFICIARY COUNTRIES IN AFRICA WHICH ARE NOT AMONG THE LDDC

(In thousands of u.a.)

Countries and CCCN chapters	Total imports	Dutiable imports	Imports covered by the scheme
Central African Republic			
1-24	9 126.5	8 407.5	—
25-99	13 208.6	292.9	207.7
1-99	22 335.1	8 700.4	207.7
Congo			
1-24	5 524.0	4 962.1	—
25-99	50 408.3	6 641.7	6 580.1
1-99	55 932.3	11 603.8	6 580.1
Gabon			
1-24	3 915.8	3 814.5	—
25-99	151 271.5	10 457.9	10 445.2
1-99	155 187.3	14 272.4	10 445.2
Ivory Coast			
1-24	211 737.2	218 853.2	748.4
25-99	72 034.2	7 696.4	7 568.9
1-99	283 771.4	226 549.6	8 317.3
Kenya			
1-24	45 318.2	42 699.2	2 663.8
25-99	8 541.1	3 418.9	1 374.8
1-99	53 859.3	46 118.1	4 038.6
Madagascar			
1-24	58 246.6	53 848.8	5 118.3
25-99	12 853.0	3 345.1	2 123.3
1-99	71 099.6	57 193.9	7 241.6
Mauritania			
1-24	5 789.8	5 617.5	84.7
25-99	63 266.7	104.1	97.7
1-99	69 056.5	5 721.6	182.4
Morocco			
1-24	253 259.7	245 920.3	16 383.5
25-99	145 408.5	52 479.6	47 328.9
1-99	398 668.2	298 399.9	63 712.4
Senegal			
1-24	123 834.7	95 656.3	789.6
25-99	18 182.0	1 905.9	1 899.7
1-99	142 016.7	97 562.2	2 689.3
Togo			
1-24	21 864.7	20 359.0	263.2
25-99	27 749.2	236.1	223.4
1-99	49 613.9	20 595.1	486.6
Tunisia			
1-24	69 004.7	66 487.8	1 218.7
25-99	123 152.2	37 950.6	31 625.7
1-99	192 156.9	104 438.4	32 844.4
United Republic of Cameroon			
1-24	105 086.1	102 773.8	64.0
25-99	55 469.6	25 459.3	8 286.6
1-99	160 555.7	128 233.1	8 350.6
Zaire			
1-24	116 807.4	111 230.1	73.7
25-99	344 277.9	16 642.8	6 837.2
1-99	461 085.3	127 872.9	6 910.9
TOTAL			
1-24	1 029 515.4	980 630.1	27 407.9
25-99	1 085 822.8	166 631.3	124 662.2
1-99	2 115 338.2	1 147 261.4	152 070.1

[a] "Nominal" beneficiary countries and territories are those which are associated with States members of EEC and enjoy a special régime in the Community.

TABLE B.2

IMPORTS FROM NOMINAL BENEFICIARY COUNTRIES IN AFRICA WHICH ARE AMONG THE LDDC

(In thousands of u.a.)

Countries and CCCN chapters	Total imports	Dutiable imports	Imports covered by the scheme
Burundi			
1-24	2 553.7	2 479.2	—
25-99	2 839.3	86.7	86.7
1-99	5 393.0	2 565.9	86.7
Chad			
1-24	465.4	313.5	—
25-99	18 704.3	27.1	26.4
1-99	19 169.7	340.6	26.4
Dahomey			
1-24	17 053.7	13 742.1	105.1
25-99	11 288.2	84.8	76.9
1-99	28 341.9	13 826.9	182.0
Mali			
1-24	5 354.1	1 351.4	1.0
25-99	9 941.4	173.1	136.3
1-99	15 295.5	1 524.5	137.3
Niger			
1-24	21 588.9	8 829.4	—
25-99	9 490.4	831.6	221.2
1-99	31 079.3	9 661.0	221.2
Rwanda			
1-24	2 533.0	2 467.1	8.4
25-99	5 131.1	50.2	49.4
1-99	7 664.1	2 517.3	57.8
Somalia			
1-24	10 336.8	10 014.2	1 675.9
25-99	3 493.4	137.1	117.7
1-99	13 830.2	10 151.3	1 793.6
Uganda			
1-24	21 733.3	21 114.0	1.0
25-99	9 575.0	117.6	59.2
1-99	31 308.3	21 231.6	60.2
United Republic of Tanzania			
1-24	22 338.1	19 917.8	93.1
25-99	22 626.1	1 374.2	962.8
1-99	44 964.2	21 292.0	1 055.9
Upper Volta			
1-24	1 590.2	418.3	—
25-99	4 923.9	227.4	49.1
1-99	6 514.1	645.7	49.1
TOTAL			
1-24	105 547.2	80 647.0	1 884.5
25-99	98 013.1	3 109.8	1 785.7
1-99	203 560.3	83 756.8	3 670.2

TABLE B.3

IMPORTS FROM NOMINAL BENEFICIARY TERRITORIES DEPENDENT ON STATES MEMBERS OF EEC

(In thousands of u.a.)

Countries and CCCN chapters	Total imports	Dutiable imports	Imports covered by the scheme
Afars and Issas			
1-24	88.6	62.3	31.9
25-99	838.4	216.1	182.1
1-99	927.0	278.4	214.0
Comoros			
1-24	708.2	703.6	—
25-99	1 728.1	1 697.1	1 622.4
1-99	2 436.3	2 400.7	1 622.4
French Guyana			
1-24	87.2	73.5	—
25-99	2 111.7	1 320.6	1 310.7
1-99	2 198.9	1 394.1	1 310.7
French Polynesia			
1-24	3 041.2	2 692.8	—
25-99	222.7	70.8	70.8
1-99	3 263.9	2 763.6	70.8
New Caledonia			
1-24	434.8	403.6	—
25-99	115 652.8	371.7	88.1
1-99	116 087.6	775.3	88.1
St. Pierre and Miquelon			
1-24	382.7	210.8	1.6
25-99	39.6	26.4	26.4
1-99	422.3	237.2	28.0
Surinam			
1-24	11 061.5	11 040.3	6.7
25-99	41 526.0	37 943.1	297.6
1-99	52 587.5	48 983.4	304.3
TOTAL			
1-24	15 804.2	15 186.9	40.2
25-99	162 119.3	41 645.8	3 598.1
1-99	177 923.5	56 832.7	3 638.3

A. Note on methodology used in estimating potential preferential trade

1. For a given product or product group, as defined in the relevant EEC Regulation, the following information is available for 1972:

(*a*) A matrix of trade flows, in terms of quantity and value, from the relevant exporting GSP beneficiary countries to the four importing sub-markets in the EEC of the Six (Federal Republic of Germany, Benelux, France, Italy—referred to for convenience as "member States");

(*b*) A set of two or, as the case may be, three constraints (*a priori* limitations of preferential imports), as prescribed by the EEC Regulation:

(i) *CQ*: The over-all Community tariff quota (for sensitive goods) or ceiling (for semi-sensitive goods), defined in terms of value (units of account: u.a.) or tonnage, in the case of textiles;

(ii) *MA*: The maximum amount or "*butoir*" for GSP imports of a product into EEC from an individual exporting beneficiary, calculated as a proportion of the tariff quota or ceiling for that product (usually 20, 30 or 50 per cent);

(iii) *MSS*: In the case of sensitive goods, the member State shares in the Community tariff quota, fixed according to the following key:

	Percentage
Federal Republic of Germany	*37.5*
Benelux	*15.1*
France	*27.1*
Italy	*20.3*
	100.0

2. The problem is to estimate the net amount of imports from beneficiaries of products which are covered by the scheme but will not receive preferential treatmen (i.e. which are sterilized) because of the constraints and, by subtraction, to estimate the amount of potentially preferential trade in each trade flow.

Elimination of double counting

3. The following table takes as an example a hypothetical product on the sensitive industrial list. The constraints are expressed in value terms, the total Community tariff quota being 500,000 u.a. and the maximum amount being 20 per cent, or 100,000 u.a.

4. Looking separately at the three constraints, and ignoring for the moment the figures in parentheses, it appears that the four major suppliers exceeded their maximum amounts by a total of 620,000 u.a., that the over-all tariff quota was exceeded by 700,000 and that three importing areas showed an excess totalling 735,000 over their member State shares. There is an obvious element of double-counting with respect to the excess over *CQ* and *MSS* respectively. This is eliminated by attributing 700,000 u.a. to *CQ* and 35,000 to *MSS*. The remaining apparent total of sterilized (non-preferential or MFN) imports of 1,355,000 u.a. is still greater than the total imports of 1,200,000. It is therefore also necessary to eliminate the overlapping of the sterilization attributable to *MA* and *CQ*/*MSS*, respectively. Clearly, those imports from Yugoslavia into the Federal Republic of Germany that are denied preferential treatment because they are in excess of the German 37.5 per cent of the total quota will not be charged against Yugoslavia's *MA* limitation, and vice versa. When there is true overlapping of constraints under several of the criteria, the attribution of the sterilized imports to a particular constraint is an arbitrary matter. For purposes of the model. the *MA* and *CQ* constraints are considered to be more fundamental elements of the EEC scheme than the *MSS* constraint, which applies only to sensitive goods. Thus, if it appears that certain imports are excluded under *MA* and also under *CQ* or *MSS*, the sterilization is attributed to *MA*, whereas for those that fall under both *CQ* and *MSS*, the sterilization is attributed to the former. However, it would have been possible to start counting from the other direction.

5. The real problem—which is at the heart of the EEC system—arises in trying to estimate whether the constraints overlap or are additive. If the former is true, potential preferential imports will be greater in volume; if the latter, they will be smaller. Given the matrix of trade flows, it is necessary to know the *timing* of shipments in order to resolve the question whether, say, the Mexican exports to the Federal Republic of Germany shown in the matrix in the amount of 50,000 u.a. received preferential treatment, were blocked from such treatment wholly or in part because the *MA* limit of 100,000 u.a. had been reached, or ran into the *MSS* constraint of 188,000 u.a. in the German market. In the real world of behaviour, moreover, importers (and perhaps to some extent exporters) have some latitude to follow strategies intended to optimize the probabilities of receiving the preferential treatment by co-ordinating the timing of shipments with the choice of destinations, so that any effect of the constraints will be overlapping rather than additive.

Maintenance of stocks in nearby free ports or bonded warehouses greatly facilitates the exercise of such strategies. This is one of the reasons why liberal application of the origin rules is important, particularly with respect to provisions affecting entrepôt trade and duration of validity of certificates of origin.

6. Since the trade data are given, in the present *ex post* analysis, the question of optimal strategies is irrelevant. However, there is still no determinate way of estimating potentially preferential trade unless the timing of transactions is specified. Since the information on imports is available only on an annual basis, the sole relatively simple solution is to base the calculations on the assumption that the trade flowed smoothly during the whole year and at a constant rate from each of the exporting beneficiaries and into each of the importing EEC member States.

7. It must be stressed that this is not a realistic assumption, even if viewed in probabilistic terms, once it is admitted that the existence of the preference system can affect traders' behaviour. Except in very large trade flows of homogeneous goods not affected by seasonality, the flow can be expected to be "lumpy". In many cases, the entire flow from a minor supplier will be in a single consignment, although it might be that the probabilities for that occurring would be evenly distributed, other things being equal. However, the incentives of the EEC scheme of generalized preferences make it advantageous to arrange for delivery early in the year. If there is a prospect that the *MA* from a particular country is likely to be exceeded, if the margin of preference is wide enough to be interesting to the importers, and if the latter are in competition with each other, they will obviously try to bring the goods in before the MFN rate is restored. A similar incentive applies with respect to the *MSS* constraint, especially if—as in Benelux—the "greyhound" (i.e. "first-come-first-served") procedure is in effect for the utilization of tariff quotas. On the other hand, during 1972 the tariff quotas of the Federal Republic of Germany were being administered mainly according to the so-called "combined procedure", involving pre-allocation of up to 80 per cent of the *MSS* to traditional importers.[a] Pre-allocation reduces the pressure on traders to "race" their shipment to the border. Thus, differences among the EEC member States with regard to administration of preferential imports will affect timing patterns, and much depends on the skill and ingenuity of the importer firms.

8. Using the smooth-flow assumption, for lack of better information it is at least possible to make consistent estimates of the net cumulative effect of the three constraints. With reference to the illustrative matrix, it is necessary to subtract from the imports in the columns representing importing areas a pro-rated amount of the trade from the exporting

[a] The authorities of the Federal Republic of Germany have since transferred most GSP items to the "greyhound" procedure.

EEC imports of hypothetical product subject to tariff quotas from beneficiaries of its scheme

(In thousands of u.a.)

	Imports into EEC[a]						
	Excess of imports over MA	*Total EEC*	*Federal Republic of Germany*	*Benelux*	*France*	*Italy*
Constraints:	$MA = 100$	$CQ = 500$	$MSS = 188$	$MSS = 75$	$MSS = 135$	$MSS = 102$
Beneficiaries						
Major suppliers:						
Yugoslavia	380	480 (100)	250 (52)	100 (21)	30 (6)	100 (21)
Hong Kong	140	240 (100)	125 (52)	40 (17)	— (—)	75 (31)
Republic of Korea	80	180 (100)	100 (56)	10 (6)	40 (22)	30 (16)
Mexico	20	120 (100)	50 (42)	10 (8)	— (—)	60 (50)
Pakistan	—	60	37	—	8	15
India	—	48	44	—	—	4
Minor suppliers:						
Singapore	—	36	—	10	10	16
Iran	—	24	14	10	—	—
Colombia	—	12	—	—	12	—
TOTAL IMPORTS		1 200 (580)	620 (297)	180 (72)	100 (58)	300 (153)
Excess over *MSS*		735 (160)	432 (109)	105 (—)	— (—)	198 (51)
Sterilization attributable to:						
Over-all tariff quota *CQ*		700 (80)				
Member State Shares *MSS*		35 (80)				
Exporting country maximum amount *MA*	620	620				
Total net sterilization		780 (i.e. 80 + 80 + 620)				
Estimated potential preferential trade		420				

[a] Figures in parentheses indicate trade flows after adjustment to eliminate double counting.

countries that was sterilized by the *MA* constraint, in proportion to the original distribution of imports along the row. The adjusted figures in parentheses show the imports which would be eligible for preferential treatment after subtraction of those imports already disqualified by the *MA* constraint. Revised figures (in parentheses) in the "total imports" row are then used to recalculate the sterilization of imports attributable to the *CQ* and *MSS* constraints. Total net sterilization equals 780,000 u.a., of which 620,000 u.a. is accounted for by the *MA* constraint and 160,000 u.a. by the excess over the *MSS* in the markets of the Federal Republic of Germany and Italy. (However, of the 160,000 u.a. it is preferable to allocate 80,000 to the effect of the over-all quota or *CQ* constraint, since this ceiling would be effective even for semi-sensitive goods, while only the remaining 80,000 is specifically attributable to the additional effect of the compartmentalization of the EEC market with respect to sensitive goods.)

9. It may be noted that on the basis of the gross unadjusted import figures, only the French market appeared to be open-ended (in the sense that incremental preferential imports could have occurred before the *MSS* constraint became effective). After adjustment for overlap of the constraints, the revised figures shown in parentheses now indicate a doubling of the slack available in the French quota for further imports (from 35,000 u.a. to 77,000), and it now appears that the *MSS* constraint would not have been effective in the Benelux quota. The German and Italian quotas, on the other hand, still appear heavily over-utilized. If the product in question had been on the semi-sensitive instead of the sensitive list, an additional 80,000 u.a. of preferential trade could therefore have been absorbed before the Community-wide ceiling was reached. A similar effect could have been obtained if the EEC regulation had provided for a Community reserve mechanism to even out the utilization of the tariff quotas.

10. Finally, an estimate of potentially preferential imports is obtained by subtracting the sterilized from the original total imports, i.e. 1,200,000 u.a. minus 780,000 = 420,000 u.a. This turns out to be a relatively high percentage (84 per cent) of the over-all tariff quota. Actual utilization of the quota could be higher or lower than the estimate. It might be higher because of successful use of preference-maximizing strategies by traders, or simply because actual timing of shipments was fortuitously more favourable than that implied in the assumption of constant proportionality of trade flows. Actual utilization is more likely to be lower than estimated because of problems arising under rules of origin, delay on the part of exporting beneficiary countries in notifying the EEC of their certifying authorities, and lack of interest on the part of importing firms which might consider the available preference margin too narrow, and the probability of actually obtaining the preference too uncertain, to justify the special efforts and procedures involved. The lack of information on the workings of the scheme and on the status of utilization of quotas, etc., would discourage or handicap systematic attempts to use preference-maximizing strategies, unless special guidance were provided by sympathetic authorities.

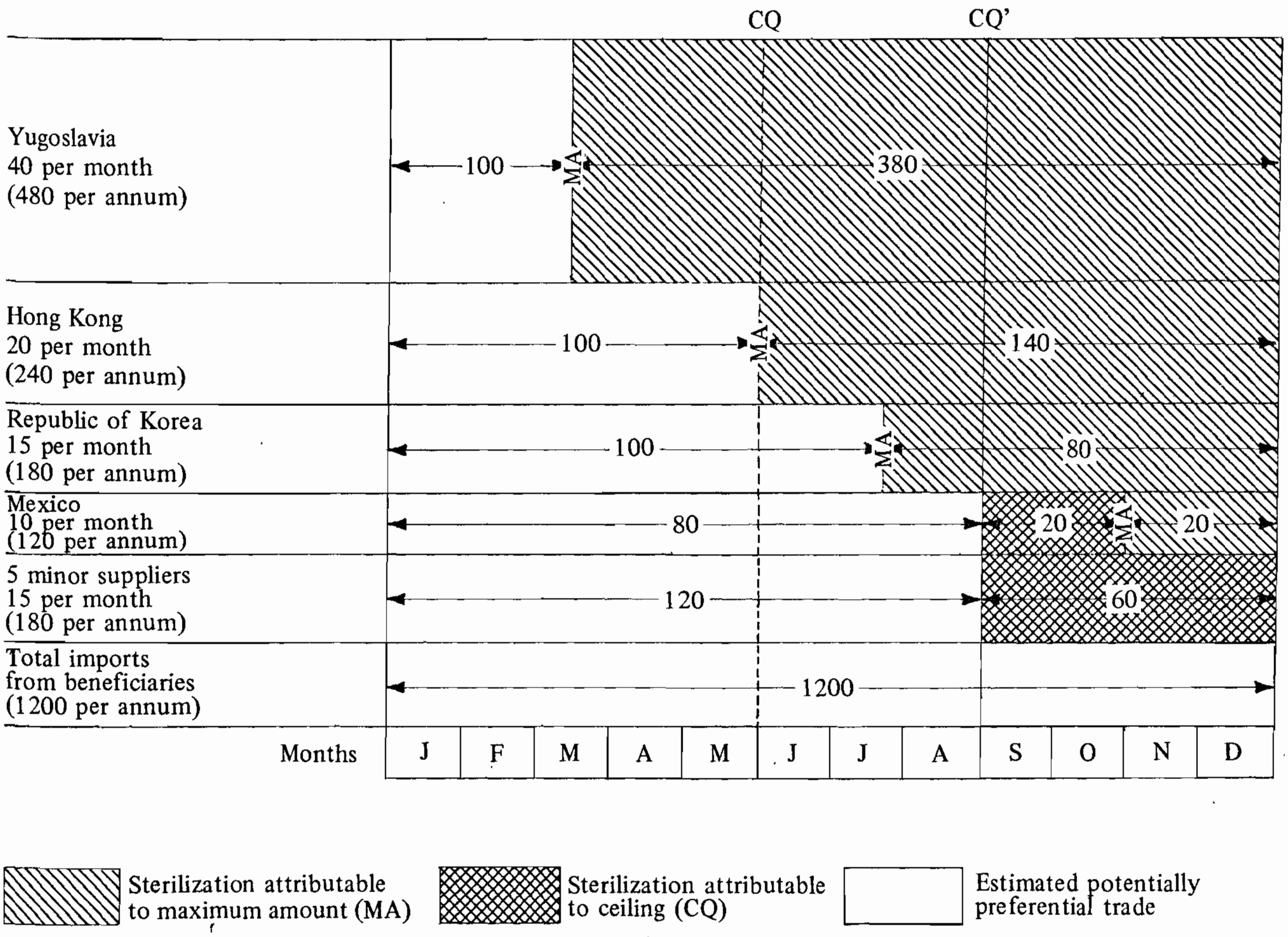
Attribution of potentially preferential imports among beneficiary countries

11. In order to estimate that part of the imports from a particular exporting country that might be expected to have received GSP treatment, it is necessary to deduct from the total imports otherwise eligible not only the amount that would have been blocked from preferential treatment in any case by the operation of the *MA* constraint, but also an estimate of any additional amount that would have been blocked under either the *CQ* or *MSS* constraints, i.e. by re-establishment of MFN rates Community-wide or within one or more member States.

12. Unless the time pattern is specified, the trade-matrix data give no basis for a judgement as to which supplying countries' shipments ran into these limitations on preferential treatment and which slipped past all constraints. Again, the simplest solution is to assume a smooth flow of trade, which permits a proportional attribution by pro-rating the total *CQ*/*MSS* sterilization according to the imports from the respective supplying countries after allowance for imports already affected by the *MA* constraint.

Hypothetical illustration of interaction of maximum amount and ceiling constraints

(All figures in thousands of u.a.)



13. A graphic illustration may help explain the rationale of this method, as well as throw some additional light on the way in which various elements of the EEC scheme interact. Although the same basic data are used as in the foregoing illustrative analysis, it is now assumed—for simplicity—that the product is only semi-sensitive, i.e. that only the over-all ceiling applies and that the geographic breakdown of imports within EEC is irrelevant. The distribution of the *MA* sterilization is known and the problem is to distribute among exporting countries the 80,000 u.a. of *CQ* sterilization. In the accompanying diagram, the horizontal axis represents time, while the relative importance of imports from the respective supplying countries is shown by the vertical width of the trade flows. If there had been no *MA* constraint on preferential imports from major suppliers, the 500,000 u.a. ceiling would have been invoked against all nine beneficiary countries at the end of May (vertical broken line *CQ*), since imports are assumed to be flowing at the rate of 100,000 u.a. per month. However, the *MA* constraint applies and is "hit" by Yugoslavia in the middle of March. Thereafter imports from that country are no longer chargeable against the ceiling. The *CQ* deadline is thus extended in time, and meanwhile Hong Kong and then the Republic of Korea are also affected by the *MA* limitation and cease to receive GSP treatment with respect to the product. The ceiling constraint finally becomes effective at line *CQ* at the end of August. Yugoslavia, Hong Kong and the Republic of Korea having already been eliminated from the competition for preferences, MFN duties will apply to the last third (four months) of the imports from the other six countries, including the five minor suppliers which are not affected by the *MA*. Since imports from Mexico would in any case have run into the *MA* constraint at the end of October, only 20,000 u.a. of sterilized imports are attributed to *CQ* and the remaining 20,000 to *MA*. The following table summarizes the outcome of this exercise:

14. It happens that, in this example, the potentially preferential imports correspond exactly to the ceiling. All nine of the exporting countries face a closed-ended situation, and even the minor suppliers see some of their exports to the community deprived of GSP treatment because of the over-all ceiling limitation, despite the fact that the application of the *MA* to the major suppliers has released to them a larger share of potential preferences within the limits of the ceiling. Since trade does not in fact flow evenly through time, some of the minor suppliers could well have made all their shipments before the deadline when MFN rates were reinstated with respect to all beneficiaries, but they would all face a substantial probability that incremental shipments would not benefit from preferences. In such a situation, the EEC scheme of preferences would presumably give no trade-expanding stimulus to beneficiaries' trade as a whole and only negligible incentive to switch from major to minor GSP suppliers.

15. As regards sensitive goods, the same estimating procedure could be used in a separate analysis of trade flows to each of the four EEC importing areas. This was deemed to be unnecessarily complicated, since virtually equivalent estimates are obtainable by a short-cut computation. The total adjusted excess over the *MSS* (160,000 u.a. in the example) is distributed by a procedure similar to that described above in proportion to the respective imports into EEC as a whole from the supplying countries facing the *MSS* constraint in any of the four sub-markets of EEC member States. In the illustrative example, no *MSS* sterilization is attributed to Colombia, since it appears as a supplier only in the unblocked French market. Colombia is thus the only beneficiary with an established export trade in this product which faces an open-ended preferential situation in the Community, namely, in France.

Exporting beneficiaries	*Total imports into EEC*	*Of which non-preferential because of:* *MA*	*CQ*	*Total to which MFN rates will apply*	*Potentially preferential imports into EEC*
	(In thousands of u.a.)				
Countries affected only by MA:					
Yugoslavia	480	380	—	380	100
Hong Kong	240	140	—	140	100
Republic of Korea	180	80	—	80	100
Countries affected by CQ:					
Mexico	120	20	20	40	80
Minor suppliers					
Pakistan	60	—	20	20	40
India	48	—	16	16	32
Singapore	36	—	12	12	24
Iran	24	—	8	8	16
Colombia	12	—	4	4	8
TOTAL	1 200	620	80	700	500

B. Note on EEC units of account (u.a.)

16. EEC has used a number of differently defined units of account in connexion with various aspects of Community legislation involving conversion of national currencies into a common monetary unit. As far as 1972 GSP operations and trade statistics were concerned, the u.a. was equal to 0.88867088 gramme of fine gold, i.e. the same as the Special Drawing Right (SDR), which in turn was equal to the parity of the dollar before the Smithsonian Agreement of 1971. [b]

17. Post-Smithsonian central rates were the basis for converting member State currencies into u.a. and vice versa, *viz*:

		Units of account
France	1 000 francs	= 180.044
Belgium-Luxembourg	1 000 francs	= 20.552
Netherlands	1 000 guilders	= 285.819
Federal Republic of Germany	1 000 Deutschmarks	= 285.819
Italy	1 000 lire	= 1,584

18. Actual exhange rates deviated from the above to some degree during 1972, but it is not believed that this would have substantially affected the operation of the EEC scheme of generalized preferences or this analysis.

[b] Agreement on exchange rate realignment signed at Washington on 18 December 1971.

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OPERATION AND EFFECTS OF GENERALIZED PREFERENCES GRANTED BY JAPAN

Study by the UNCTAD secretariat

[Original: English]
[14 November 1975]

CONTENTS

TABLES

ANNEXES

SUMMARY AND CONCLUSIONS

(i) The scheme of generalized preferences of Japan was introduced in August 1971 and has since undergone successive improvements in each fiscal year.[1] This study reviews the salient features of the scheme since its introduction and examines the procedures used in its administration. The results of the operation of the scheme for fiscal year 1972 are analysed in quantitative terms, and the effects of the policy of flexible administration of ceilings and maximum amounts, introduced in the scheme for 1973, are also examined.

(ii) Under the scheme for 1975, 138 countries and territories were recognized as beneficiaries. However, 33 of them had not fully complied with the notification requirements under the rules of origin and therefore could not obtain preferential treatment for their eligible exports to Japan.

(iii) The number of agricultural products (CCCN chapters 1-24) covered by the scheme has progressively increased; they fell within 59 CCCN tariff headings in the first year of the scheme but within 76 tariff headings in the scheme for 1975. The coverage for semi-manufactured and manufactured products (CCCN chapters 25-99) has, since the scheme's inception, included all industrial products and industrial raw materials with the exception of certain products within ten CCCN headings, including some petroleum products, apparel and clothing of leather, plywood, raw silk and silk fabrics and leather footwear.

(iv) Preferential tariff cuts on agricultural products covered by the scheme range from duty-free treatment to partial reductions of the MFN rate. The average tariff cut on agricultural products covered by the scheme for 1975 amounts to about 6 per cent. In the scheme for that fiscal year, across-the-board duty-free treatment is applied to eligible industrial products, with the exception of "selected" items falling within 47 CCCN headings, where reductions of 50 per cent are applied. The number of such headings has progressively declined, having been 57 in the scheme for 1971.

(v) Japan applies an escape-clause safeguard to agricultural products and *a priori* limitations to imports of industrial products covered by the scheme. The provisions governing escape-clause measures are similar in principle to those under article XIX of GATT. To date, this safeguard has not been invoked against any agricultural or marine product. The *a priori* limitations on industrial products are imposed by a system of ceiling quotas and maximum country amounts. For administrative purposes, all industrial products covered by the scheme are divided into mutually exclusive product groups, the number of which declined from 214 in the scheme for 1971 to 177 in the scheme for 1975. This enlargement of the individual product groups has facilitated the expansion of preferential imports within the ceiling quotas of those products in which the beneficiaries have an export capability.

(vi) Ceilings are established in value or quantity terms for each product group by adding to the c.i.f. imports from the scheme's beneficiaries in 1968 ("basic amount") 10 per cent of the c.i.f. imports from non-beneficiaries in a year which precedes the current scheme by two years ("supplementary amount"). The reference year for determination of the basic amount has remained the same since the scheme's introduction, and this has imposed a severe restriction on the growth of ceilings for products of major interest to beneficiaries.

(vii) In order to provide for "preference-sharing", Japan applies a maximum country amount limitation under which the preferential imports from a single beneficiary are not allowed to exceed 50 per cent of the ceiling quota.

(viii) Once the ceiling or maximum amount levels are attained, preferences are suspended and the MFN tariff is reintroduced for the remainder of the fiscal year on all subsequent imports of the product in question from all beneficiaries, or from a single beneficiary in the case of the maximum amount limitation.

[1] The annual schemes of generalized preferences of Japan relate to fiscal years. Throughout this study, references to the scheme for a particular year are to the fiscal year beginning 1 April of the year in question. For example, the scheme for 1973 covers the fiscal year 1 April 1973-31 March 1974. (The scheme for 1971, however, came into force in August 1971.) Unless otherwise stated, the statistical presentation and analysis on an annual basis are also carried out in terms of fiscal years.

(ix) In the scheme for 1973 Japan introduced a policy of flexible administration of ceilings and maximum amounts for selected product groups, whereby it is possible for preferential imports to exceed the ceilings or maximum amounts. The policy has been gradually extended from 110 product groups for ceilings and 82 product groups for maximum amounts in the scheme for 1973 to 118 and 122 product groups respectively in the scheme for 1975.

(x) For the purpose of the administration of the ceilings, product groups are divided into three classes according to the degree of sensitivity of domestic industry to imports and these are subject, respectively, to prior allotment, daily control and monthly control. Since the implementation of the scheme the number of product groups subject to prior allotment, which is the most restrictive type of control, has remained unaltered. On the other hand, a number of products subject to daily control have been transferred to the less restrictive monthly control.

(xi) Dutiable imports in 1972 of all products in CCCN chapters 1-99 from beneficiaries which had complied in that year with the notification requirements regarding rules of origin ("actual" beneficiaries) amounted to $6.5 billion, of which about 16 per cent ($1 billion) were eligible for preferential treatment. Imports valued at $362 million, or only 5.6 per cent of total dutiable imports or 35 per cent of imports covered by the scheme, actually received preferential treatment. The remaining almost two thirds of imports eligible for preferences were denied such preferences because of the application of ceilings and maximum amounts, failure to fulfil the requirements under the rules of origin or simple neglect to claim preferential treatment.

(xii) Dutiable imports of agricultural products (CCCN chapters 1-24) from actual beneficiaries in 1972 amounted to $1.1 billion, of which only 5.6 per cent, or $62 million, were eligible for preferential treatment. However, over 93 per cent ($58 million) of this relatively small proportion of imports actually received preferential treatment. This high rate of utilization is largely related to the absence of *a priori* limitations such as those applied to preferential imports of industrial products.

(xiii) Dutiable imports of industrial products and raw materials (CCCN chapters 25-99) in 1972 amounted to $5.4 billion, of which 18 per cent ($973 million) were eligible for preferential treatment but only 5.6 per cent ($304 million) actually received such treatment. Thus, more than two-thirds of eligible industrial imports, or over $668 million, were sterilized, i.e., were subject to MFN duties in 1972.

(xiv) Ceilings and maximum country amounts alone accounted for some $355 million, or 57 per cent, of these sterilized imports. The remaining $314 million was due to other factors, such as failure or inability to comply with those aspects of the rules of origin which are unduly stringent, excessively complex administrative procedures, and negligence by importers and exporters in claiming preferential treatment.

(xv) The sterilization of imports was caused primarily, however, by the maintenance of 1968 as the reference year for calculation of the basic amount, which is the principal determinant of the ceiling level for products mainly exported by beneficiaries of the scheme, whereas the variable supplementary amount results in an increase in ceilings principally for products that are exported by non-beneficiaries. Moreover, since the reference year for calculation of the basic amount has remained unchanged, the supplementary amount is the only factor contributing to the growth of ceiling levels. The impact of this static reference year is reflected in a comparison of growth rates of imports eligible for preferential treatment and of ceilings during the fiscal years 1971-1974. Over this four-year period imports eligible for preferences grew in dollar terms by 209 per cent while ceiling quotas grew only by 58 per cent; in terms of the yen the growth of ceilings was only 29 per cent.

(xvi) In 1972, ceilings were "closed-ended" (i.e. MFN duties were re-established because imports exceeded the ceiling) for 76 of the 206 product groups. With respect to the remaining 130 product groups, 10 ceiling quotas had been set at zero, which effectively eliminated preferential treatment on the products concerned, while 120 were open-ended (i.e., imports did not reach the ceiling). The value of sterilized imports in these 76 closed-ended product groups was twice the value of imports which received preferential treatment. By contrast, in the 120 open-ended product groups, taken together, imports which received preferences accounted for only 25 per cent of the available ceiling quotas, and 20 of these ceilings were totally unutilized.

(xvii) The policy of the flexible administration of ceilings and maximum amounts introduced in the scheme for 1973 carries the potential to offset the lag in ceiling growth which had been the prime cause of the sterilization of imports from beneficiaries. However, if this policy is to be effective it must apply mainly to product groups for which the ceilings have been closed-ended in the past. While the policy of flexible administration was applied in 1973 to 110 product groups, it affected only 47 out of 76 product groups for which the ceilings were closed-ended in the previous year. Furthermore, only four of the 13 product groups to which maximum country amounts were applied in 1972 were subject to flexible administration in 1973.

(xviii) Of the 101 (out of a total of 128) product groups subject to the policy of flexible administration of ceilings in 1973 which were analysed, 64 were allowed imports in excess of the nominal ceilings as a result of this policy. The value of these imports in excess of ceilings was over $225 million, or 40 per cent of the total value of imports (in the 101 product groups) which actually received preferential treatment. There is thus much evidence of the usefulness of the policy of flexible administration as an offset to the slow ceiling growth caused by retention of 1968 as the reference year for the basic amount. However, for the remaining 37 product groups the policy was irrelevant inasmuch as they were open-ended. Had the flexibility been applied to product groups on which the ceilings had been closed-ended, the total amount of preferential imports would have increased significantly.

(xix) It appears that the flexible administration of maximum country amounts had little, if any, impact in 1973 because in no case did any of the 34 maximum amount limitations imposed in that year pertain to the 83 product groups for which flexible administration of maximum amounts was authorized.

(xx) The net effect of applying the policy of flexible administration in 1973 was to maintain the share of preferential imports in total imports of products eligible for preferences at a level roughly comparable with that attained in 1972 (31.3 per cent and 30.2 per cent respectively). In the absence of this policy, the share of preferential imports in 1973 would have significantly declined.

(xxi) The preceding analysis points to the desirability of the following improvements in the scheme:

(*a*) A significant extension of the coverage so as to include more agricultural products of current interest to beneficiaries, since at present almost 95 per cent of dutiable imports of these products are excluded from preferential treatment. Duty-free entry or deeper tariff cuts should be provided for all products covered by the scheme.

(*b*) The rules of origin should be simplified and further harmonized with those of other preference-giving countries. Treatment of all beneficiaries, or groups of beneficiaries, as one area for origin purposes would to a large extent overcome the difficulties arising from stringent process or value added requirements and the direct consignment rule.

(*c*) Intensification of technical assistance to domestic importers and to exporters in beneficary countries in connexion with the advantages offered under the scheme, its operation and utilization, could greatly enhance the effectiveness of the scheme.

(*d*) The ceiling and maximum amount limitations do not seem to be warranted on most of the product groups in CCCN chapters 25-99 and could therefore be dispensed with and replaced by the conventional escape clause safeguard. This would render the administrative control of preferential imports unnecessary. If the ceilings cannot be eliminated altogether, their application should be restricted to those products with respect to which preferential imports may cause serious injury to domestic industry. Moreover, the level of ceilings on these sensitive products should be calculated so as both to cover current imports from beneficiaries and to allow for the growth of such imports; maximum country amount limitations would then become superfluous.

(*e*) The annual nature of the scheme adds to the uncertainties already embodied in the present system of *a priori* limitations, and simplification of the scheme along the lines suggested above could remove these uncertainties.

Chapter I

SALIENT FEATURES OF THE SCHEME AND ITS EVOLUTION

A. Beneficiaries

1. The scheme of generalized preferences of Japan for 1975 recognizes 138 countries and territories as beneficiaries.[2] Of these beneficiaries, however, only 105 have officially notified the Japanese Government of their certifying authorities, for purposes of the rules of origin, which is an essential condition before preferences can be granted.

B. Product coverage

1. CCCN CHAPTERS 1-24

2. The scheme for 1975 provides for preferential treatment for 169 selected agricultural products falling within 76 four-digit CCCN headings. This represents an increase of five headings[3] over the coverage of the scheme for 1974, which itself was an improvement over the 1973 scheme in that it contained five additional agricultural headings in comparison with the scheme for that year. The largest increase in product coverage in these CCCN chapters, however, was in the scheme for 1973, when 14 products covered by these headings were added.[4]

2. CCCN CHAPTERS 25-99

3. The scheme for 1975 allows for the granting of preferential treatment on all products (manufactured and semi-manufactured products, and primary commodities), contained in CCCN chapters 25-99, with a few exceptions. These exceptions relate to a number of industrial products, comprising some 73 tariff lines falling within ten CCCN headings: petroleum oils, crude (27.09); petroleum spirits (27.10) and petroleum gases (27.11) subject to customs duties of a fiscal nature; gelatine and glues derived from bones, etc. (35.03); articles of apparel and clothing accessories of leather, etc. (42.03); plywood (ex 44.15); raw silk (50.02-2); woven fabric of silk, etc.

[2] See annex I for the list of beneficiaries. In the present study a distinction is made, where appropriate, between "recognized beneficiaries" (i.e., those eligible for preferences) and "actual beneficiaries" (i.e., recognized beneficiaries who have fulfilled the notification requirements with respect to certification of origin).

[3] In terms of 1972 trade flows, imports of these additions to the positive list in 1975 from the scheme's actual beneficiaries amounted to $4.7 million, or 8 per cent, of eligible imports. (For details see annex VI below.)

[4] See for the scheme of Japan, the following documents: TD/B/534/Amend.1 (scheme for 1975); TD/B/534 and Corr.1 (scheme for 1974); TD/B/373/Add.7/Annex V/Rev.1 and Rev.1/Amend.1 (scheme for 1973); TD/B/373/Add.7/Annex IV and Annex III and Corr.1 and Amend.1 (scheme for 1972); and TD/B/373/Add.7/Annex and Annex/Amend.1 (full details of the scheme as initially launched in 1971).

(50.09); footwear with outer soles and uppers of rubber or artificial plastic material (64.01); and parts of footwear of any material except metal (64.05).[5] This list of excluded items has remained virtually the same since the scheme's inception in 1971.

4. Hong Kong, which is a recognized beneficiary, is still not eligible for preferential treatment with respect to seven products covered by the 1975 scheme. The number of such "Hong Kong exceptions" has been considerably reduced, having stood at 79 under the 1972 scheme. Twelve exceptions remained in effect in the 1973 scheme and seven in the 1974 scheme.

C. Depth of tariff cut

1. CCCN chapters 1-24

5. Under its 1975 scheme Japan applies various tariff cuts, ranging from total to partial reduction of the MFN rate. Of the 169 tariff items covered by the scheme in CCCN chapters 1-24, 22 per cent carried preferential rates of zero,[6] 17 per cent rates lower than one-half or more of the MFN rate and 8 tariff items were subject to reduced specific duties. The average (unweighted) MFN rate of 12.2 per cent for these products was reduced by 6.4 percentage points to 5.8 per cent.[7] While the product coverage has improved since the initial (1971) scheme, the average tariff reduction is only slightly greater.[8]

2. CCCN chapters 25-99

6. Japan applies across-the-board duty-free treatment to manufactured and semi-manufactured products covered by its scheme with the exception of 237 "selected" tariff lines contained in 47 CCCN headings, on which preferential reductions of 50 per cent are granted. When the scheme was first implemented, in 1971, preferential 50 per cent reductions applied to 247 "selected" tariff lines, falling within 57 CCCN headings.

D. Safeguard mechanisms

7. Japan's system of safeguard mechanisms has two components: an escape-clause provision for agricultural and marine products contained in CCCN chapters 1-24 and *a priori* limitations in the form of ceiling quotas and country maximum amounts for industrial products falling within CCCN chapters 25-99.

1. CCCN chapters 1-24

8. The provisions governing the application of escape-clause measures on agricultural and marine products are contained in the Temporary Tariff Measures Law which is similar in principle to article XIX of GATT. Under this law, preferences may be suspended if preferential imports increase to such an extent as to cause, or threaten to cause, injury to Japanese producers of like or directly competitive products. If necessary, the country or territory whose preferences are to be suspended may be specified by a Cabinet Order. To date, the escape clause has not been invoked in respect of any agricultural or marine product covered by the scheme.

2. CCCN chapters 25-99

9. The *a priori* safeguards for industrial products contain two essential components—ceiling quotas and maximum country amounts. All industrial products covered by the scheme are divided into product groups for purposes of administering preferential imports. The number of these product groups has been steadily reduced: from 214 in 1971 to 206 in 1972,[9] 189 in 1973, 182 in 1974 and 177 in 1975. This is a positive development because certain product groups now include more products and allow for expansion of preferential imports, within the ceiling quota, of those products in which the beneficiary countries have export capability. This increase in ceiling levels results exclusively from the growth in the "supplementary amount" used in calculating the ceiling.

3. Ceilings

10. Ceilings in value or quantity terms are established for each product group according to the following formula: the sum of c.i.f. imports in 1968 from the scheme's beneficiaries (the "basic amount") plus 10 per cent of the c.i.f. value of imports from other countries in the year preceding the current scheme by two years (the "supplementary amount").[10] This supplementary amount will, however, in no case be less than in the previous year. The reference year (1968) used for calculation of the basic amount has remained unchanged since the inception of the scheme on 1 August 1971. In accordance with the formula, the reference year in 1975 for calculating the supplementary amount is 1973. Once the ceiling is reached, preferences are suspended and all subsequent imports for the product group in question from any beneficiary are at MFN rates until the end of a fiscal year.

4. Maximum amounts

11. In order to provide for "preference-sharing" within ceiling quotas, maximum country amounts of 50 per cent of the ceiling quota level are set. Thus, two countries, each absorbing 50 per cent of the quota, would exhaust it. Once the maximum amount level is attained, the preference is suspended and all subsequent imports from the beneficiary concerned are at MFN rates.

5. Administration of ceilings

12. The product groups are divided into three classes according to the manner of administering ceilings—by prior allotment, by daily control or by monthly control.

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[5] See document TD/B/534, appendix III.

[6] Of these duty-free preferential rates, three tariff lines falling within CCCN heading 15.02 were subject to a temporary suspension of MFN rates in 1974 and were therefore not affected by the scheme, despite their inclusion in the positive list.

[7] These averages exclude items subject to specific duties under MFN and/or preferential treatment.

[8] The initial tariff reduction was from an (unweighted) MFN rate of 16.8 per cent to 8.6 per cent. See document TD/B/C.5/6,* para. 25.

[9] 211 product groups were originally designated, but five of these were later deleted and combined with the remaining 206 product groups (see TD/B/373/Add.7/Annex III/Corr.1).

[10] See annex V below for a summary of the administrative components of the scheme.

The hierarchy of these controls reflects the degree of sensitivity of domestic industry to preferential imports of products contained in the different product groups.

6. PRIOR ALLOTMENT

13. Eleven product groups are currently subject to the prior allotment control mechanism. They all relate to textile products,[11] which have been defined as import-sensitive under a law which is designed to foster the restructuring of many domestic industries.[12] The Ministry of International Trade and Industry is responsible for the administration and control of preferential imports subject to prior allotment. The Ministry issues certificates of prior allotment to designated importers of these sensitive textile products. Quotas for this purpose are of two kinds: a general quota, which is allocated to traditional importers ("insiders") on the basis of their past import performance, and a reserve quota, which is allocated on a first-come-first-served basis to new ("outsider") importers.

14. The 11 product groups are re-arranged into eight categories, and the over-all percentage allocation in each category between general and reserve quotas is as follows:

		Percentage
Cotton yarn	General	80
	Reserve	20
Jute and woven fabrics of jute	General	85
	Reserve	15
Remaining six categories	General	60
	Reserve	40

7. DAILY CONTROL

15. Forty-one product groups are subject to daily control in the 1975 scheme. There has been a steady trend towards reducing the number of such groups, which stood at 95 in the 1971 scheme, 73 in 1972, 63 in 1973 and 46 in 1974. Preferential imports are computed daily, and MFN duties are re-established two days after the ceiling or maximum amount has been reached.

8. MONTHLY CONTROL

16. Under the 1975 scheme, as in 1974, 125 product groups are subject to monthly control. This increase from 108 in 1971, 123 in 1972 and 115 in 1973 reflects the transfer of product groups from daily to monthly control. Preferential imports are computed monthly and MFN duties are re-established on the first day of the second month after the ceiling or maximum amount has been reached. Because of this time-lag the ceiling or maximum amount may be exceeded considerably before the MFN rate is restored. Thus, the transfer of products from daily to monthly control increases the likelihood that the products will obtain preferential treatment.

9. ADMINISTRATIVE PROCEDURES

17. Ceilings under daily and monthly control are administered by the Ministry of Finance in conjunction with its nine customs houses in Tokyo, Yokohama, Nagoya, Osaka, Kobe, Moji, Nagasaki, Hakodate and Okinawa. As regards daily control, information on preferential imports of the previous day (value or quantity) is reported daily by telex to the Customs Bureau of the Ministry of Finance by the various customs houses. The Customs Bureau totals up the figures and gives instructions to each customs house, when it becomes clear that the ceiling/maximum amount is exceeded, to suspend preferences the next day. The administration of ceilings on product groups subject to monthly control is similar. The customs houses provide a return to the Customs Bureau generally in the middle of every month. When a ceiling or maximum amount is exceeded the suspension of preferences order is transmitted to the customs houses with instructions that such suspension will become effective on the first day of the second month thereafter.

18. Products are assigned to daily or monthly control in accordance with the extent to which preferential imports threaten injury to domestic industry. Thus, the classification is not definite and may be reviewed every year. When the classification of a certain product is reviewed, the matter is discussed by the Ministries concerned, which include the Ministry of Finance, the Ministry of International Trade and Industry and the Ministry of Agriculture and Forestry. Following these consultations, the Ministry of Finance formulates a draft Cabinet order for Cabinet approval and subsequent implementation.

10. FLEXIBLE ADMINISTRATION OF CEILINGS AND MAXIMUM AMOUNTS

19. In the scheme for 1973, Japan introduced flexible administration of ceilings and maximum amounts for selected product groups, thus opening up the possibility for preferential imports to exceed the specified levels. "For products posing no threat or injury to Japan's domestic industry, imports will be allowed to continue under preferential treatment until such time as might later be decided even when the ceiling or the maximum country amount has been reached." [13]

20. Under the 1973 scheme this flexible treatment was accorded to 110 product groups subject to ceilings and 82 subject to maximum country amounts.[14] In 1974 this treatment was extended to 116 and 124 product groups respectively, and in 1975 it covers 118 product groups for ceilings and 124 for maximum amounts. Statistics are maintained of preferential imports subject to flexible administration and if imports increase rapidly in value or quantity and threaten injury to domestic industries the Ministries concerned will consult on the matter and decide whether to suspend preferences.

11. DISSEMINATION OF AND ACCESS TO INFORMATION REGARDING CEILINGS AND MAXIMUM COUNTRY AMOUNTS

21. The value (or quantity) of preferential imports of each product group is announced monthly in the *Official Gazette of Japan*. Preference-receiving countries may ob-

[11] See TD/B/534/Amend.1.

[12] Law on Measures for Structural Reorganization of Specified Textile Industries.

[13] TD/B/534, p. 6, para. (*d*).

[14] See paras. 94-108 below for the quantitative implications of this flexible administration.

tain additional information from the Japanese authorities through their diplomatic missions in Tokyo. As regards Japanese importers, there are no official means for them to gain information on the current status of utilization of a given ceiling or maximum country amount. The importers or their association must make their own assessment, based solely on the information published in the *Official Gazette*. Public announcements are made by the customs houses only after the ceilings or maximum amounts have been exceeded. As regards products under monthly control, the time-lag of up to two months can give the astute importer or exporter a warning if the *Official Gazette* is closely studied.

22. The element of uncertainty surrounding the administration of preferential imports subject to this system of ceilings and maximum amounts is self-evident and could tend to constrain importers from contracting for products from developing countries under preferential terms. The preferential margin taken alone is not enough as a basis for a decision to import because of the uncertainty regarding the application of the ceiling and maximum country amount limitations. Furthermore, and perhaps more important, decisions regarding capital investment in expanding export capacity in beneficiary countries must heavily discount the impact of potential preferential treatment because of this uncertainty.[15]

E. Rules of origin [16]

23. The rules of origin specify the basic conditions that must be fulfilled in order that goods may qualify for preferential treatment. They are designed to prevent a simple re-exportation process through the creation or use of existing "trading houses" in developing countries and to ensure that substantial and *bona fide* transformation takes place. The basic conditions that must be met to qualify goods for preferential treatment concern in particular consignment, substantial trasformation and documentation.

1. Conditions for admission to preferences

24. In order to qualify for preferential tariff treatment, the goods eligible for preference:

(*a*) Must, in general, be consigned directly to Japan:

(i) From the beneficiary country of exportation, or

(ii) From a port in a neighbouring country where the goods have been sent for geographical reasons or because of transport requirements and sold there after temporary storing for importation into Japan, and

(*b*) Must comply with origin criteria specified for those goods by Japan.

(a) *Direct consignment*

25. This rule was established in order to ensure that the goods imported under the scheme are identical with those which left the beneficiary country and to provide evidence that the goods have not been manipulated or further processed in any intervening third country.

26. For goods to qualify under the direct consignment rule, it must be the intention of the exporter at the time they are sent from the exporting beneficiary country that the goods shall be carried to a place in Japan and transportation must actually have commenced. In general, goods must be transported directly to Japan. Transit through third countries, with or without trans-shipment or temporary storage, is permissible provided that the goods remain under customs transit control and do not enter into trade or consumption there and have not undergone any operation other than unloading or reloading or any operation required to keep them in good condition.

(b) *Origin criteria*

27. The second condition pertains to the extent of processing that goods from beneficiary countries must undergo. Goods are considered as originating in a preference-receiving country if they are goods wholly produced in that country. If the goods were manufactured wholly or partly from materials or parts which are imported or of unknown origin, those materials or parts must have undergone a sufficient working or processing in the preference-receiving country. As a general rule, working or processing is considered sufficient if the finished product becomes classified under a CCCN heading other than that covering any of the non-originating materials or parts used. There are certain exceptions to this rule, as follows:

(*a*) Manufacturing processes which do not qualify for preferential treatment or which qualify only subject to certain conditions though a change of CCCN heading is involved; these processes are specified in list A of the rules of origin of the scheme of Japan.

(*b*) Manufacturing processes which qualify for GSP treatment though a change of CCCN heading is not involved. These processes are specified in list B.

28. In some cases, the condition is that the value of imported inputs must not exceed a given percentage of the value of the exported goods. For this purpose the value of imported inputs is the customs value at the time of importation into the beneficiary country, while the value of exported goods is the f.o.b. price of the goods, excluding any internal taxes refunded or refundable on exportation.

2. Japanese content

29. The rules of origin contain a provision whereby materials imported from Japan into a preference-receiving country and used there in the manufacture of goods to be exported to Japan are regarded as originating in that preference-receiving country. This rule does not apply, however, to nine product groups, consisting mainly of products that are manufactured by "simple" processing and would not meet the substantial transformation criteria under the rules of origin and/or are deemed particularly import-sensitive by the Japanese authorities. The products in question include natural and imitation leather, travel goods, fur skins, articles of fur skin, goods of artificial plastic materials, textiles and textile articles,

[15] For a comprehensive discussion of the element of uncertainty in the Japanese scheme of preferences, see document TD/B/C.5/6,* paras. 61-63.

[16] For a more detailed description of the rules of origin applied by Japan, see TD/B/534, pp. 6-8.

footwear, headgear, glass fibre, toys and dolls.[17] Furthermore, this list of products is not definitive and may be reconsidered, due regard being paid to the extent of the expected impact on domestic industry.

30. In addition to Form A (see paragraph 32 below), evidence relating to the materials imported from Japan is required, namely:

(*a*) A "certificate of materials imported from Japan" issued by the authority in the preference-receiving countries entrusted with the issuance of certificates of origin (Form A), and

(*b*) An export permit or certificate of exportation issued by the Japanese Customs.

31. This latter document must be obtained from the Japanese Customs in order to validate the claim for Japanese content. This validation is based upon a verification that export permits or certificates were issued at the time of export of the inputs from Japan to the beneficiary country concerned. According to information provided by the Japanese authorities to the UNCTAD secretariat, the value of preferential imports benefiting from the provision of Japanese content increased from 8.7 per cent of total preferential imports in 1972 to 13.3 per cent in 1973 and 15.5 per cent in April-December 1974.

3. Documentary evidence

32. The goods for which preferential tariff treatment is claimed must be accompanied by a Combined Declaration and Certificate of Origin in Form A. However, for consignments of a value not exceeding 100,000 yen this certificate is not required.

33. Evidence of direct consignment generally consists of a through bill of lading, a certificate issued by the Customs authorities of the transit country or any other substantiating document. In the case of goods originating in a preference-receiving country but sold and consigned to Japan from a port in a neighbouring country, an additional certificate issued by the Customs authorities or other governmental authorities of the transit country relating to the transit goods and the conditions under which they have remained in transit is required.

34. As regards the retroactive issuance of certificates of origin, goods shipped ten days before the certificate is issued are acceptable under the following conditions:

(*a*) The chief of Customs confirms that the delay was due to special circumstances, such as a natural disaster;

(*b*) The certificate is issued within a reasonable time, taking into account the extent of the disaster.

Moreover, duplicates of certificates of origin are acceptable if the originals were destroyed, lost or stolen. There have been no cases where verification of certificates of origin has been asked for from the certifying authorities in the beneficiary countries.

35. As of January 1975, 33 of the 138 recognized beneficiaries had not yet notified the names of those governmental and/or non-governmental bodies authorized to issue certificates of origin under the scheme or sent the impression of the seals of such bodies.[18]

[17] For the full list of products see TD/B/534, appendix VI.

[18] See annex I below for the beneficiaries concerned.

36. The Ministry of Finance is responsible for establishing and administering the rules of origin. In establishing or amending them it consults with other Ministries directly concerned. Amendments are announced in the form of a Cabinet or a Ministry of Finance order. For the information of both exporters and importers, details of the rules of origin are regularly published in the *Official Gazette*, as well as unofficially by the Japan Tariff Association in a book containing all tariff regulations.[19] In addition, the Ministry of Foreign Affairs in 1974 published a booklet on the scheme of Generalized preferences of Japan[20] which has been widely disseminated.

F. Annual administrative process for reviewing the scheme

37. The designation of eligible agricultural products, the extension of the list of eligible products, and the determination of the depth of preferential tariff cuts on individual products are based on a simultaneous product-by-product examination which takes into account the expected effect on individual domestic producers of the same or like products.

38. Each August, the Ministries concerned are requested to submit in writing to the Ministry of Finance their suggestions for improving the scheme for the next fiscal year and in particular to submit a list of those products they wish to be considered for inclusion.

39. In October or November, the Ministry of Finance holds hearings and meetings for discussion of the proposed changes with the ministries concerned. The conclusions of these meetings are then submitted to the Advisory Tariff Council, which is responsible to the Ministry of Finance and is composed of scholars, individuals representing the private sector in various fields and senior Government officials from interested Ministries.

40. The Ministry of Finance then drafts a revision to the regulations governing the scheme for the current fiscal year, based on the report of the Advisory Tariff Council. The revised regulations are then submitted to the Cabinet and the National Diet and come into force, as approved by the latter, on the following 1 April.

41. The inclusion of products in CCCN chapters 1-24 for preferential treatment takes into account the lists of products submitted by developing countries at the fourth session of the Special Committee on Preferences and annexed to the reports on that session (which was held in two parts),[21] as well as other requests to Japan made in multilateral and bilateral forums, such as the annual ministerial forum convened by the Government of Japan (Ministerial Council for Development of South-East Asia).

[19] Available only in Japanese.

[20] Reproduced by the secretariat of UNCTAD in document TD/B/534.

[21] See *Official Records of the Trade and Development Board, Tenth Session, Supplement No. 6* (TD/B/300/Rev.1), annex I, and *ibid., Supplement No. 6.A* (TD/B/329/Rev.1), annex I.

Chapter II

TRADE EFFECTS OF THE SCHEME

A. Introduction

42. In the absence of trade data on the operation of the Japanese scheme of generalized preferences, previous studies by the UNCTAD secretariat were restricted to an analysis of total imports, dutiable imports and imports that would have been covered by the scheme had it been in effect during the period in question. While these studies provided some useful insights into the trade coverage of the scheme, they were based on hypothesis only, since no information was available by product or by beneficiary on imports which had actually received preferential treatment during the scheme's operation.

43. An analysis based on actual preferential imports is now possible on the basis of data supplied by the Government of Japan—which the UNCTAD secretariat gratefully acknowledges—on the operation of the scheme during the fiscal years 1972 and 1973.[22] These data relate to total imports from the world and imports from beneficiaries (as a whole), distinguishing imports covered by the scheme and those which actually received preferential treatment. The information was provided on a product basis for all agricultural products in CCCN chapters 1-24 covered by the scheme and by product group for industrial products in CCCN chapters 25-99. Similar information was subsequently received for the period April-December 1974.[23]

44. The Japanese authorities also provided the secretariat with a magnetic computer tape containing detailed trade statistics by product and by country for the fiscal year 1972. These two types of information provided a sound basis for a comprehensive analysis of the Japanese scheme of preferences for that year. However, since the statistics did not include data on imports from individual beneficiaries which actually received preferential treatment, it was necessary to estimate such imports in order to gain insights into the distribution of benefits among the beneficiaries.[24]

45. The concept of "preference sharing" among the beneficiaries is embodied in the system of maximum amounts, which limits the import entitlement for industrial products of any one beneficiary within the ceiling quota. As currently administered, the scheme allows preferential imports from any individual beneficiary of up to half the ceiling, all subsequent imports of the product being subject to the prevailing MFN duties (see para. 11 above). Thus, at least one-half of the ceiling quota is reserved for other beneficiaries.

46. The concept of the maximum amount implies that the ceiling quotas are not large enough to accommodate the current level of imports from beneficiaries and that it is therefore necessary to limit such imports from major suppliers in order to reserve a share of the quota for less important ones.

47. The analysis which follows of Japanese imports under the scheme for 1972 concentrates on the experience of actual beneficiaries, i.e., those who fulfilled the notification requirements under the rules of origin and hence were entitled to preferential imports. However, imports from beneficiaries who had not fulfilled these requirements are examined as well, in order to provide some indication of the preferential treatment forgone by their failure to comply with the notification requirements.

B. Over-all performance

48. The over-all performance of imports from actual beneficiaries of the scheme, as shown in table 1, indicates that total imports in the fiscal year 1972 from actual beneficiaries of products in CCCN chapters 1-99 amounted to some $10.3 billion, of which $6.5 billion were subject to MFN duties. Approximately 16 per cent, or slightly over $1 billion, of these dutiable imports were eligible for preferential treatment, and some $362 million actually received preferential treatment. The share of eligible imports which actually received preferential treatment was much higher for agriculture than for industry. Over two-thirds of the eligible imports of industrial products in CCCN chapters 25-99 were denied preferential treatment and consequently charged full MFN duties. This high proportion was due to the application of ceilings and maximum country amounts, as well as to difficulties in fulfilling the requirements under the rules of origin, or simply to neglect in claiming preferential treatment. In sum, those imports which qualified for, and received, preferential treatment represented only 35 per cent of total imports eligible for such treatment and less than 6 per cent of the total dutiable imports from actual beneficiaries of the scheme.

C. Agricultural products falling within CCCN chapters 1-24

49. Table 2 indicates that $62 million, or only 5.6 per cent, of the $1.1 billion of dutiable agricultural imports from actual beneficiaries were covered by the scheme. It also shows that those imports which were reported to have been granted preferential treatment amount to some $58 million and represent only 5.3 per cent of dutiable imports.

50. Although this product coverage represents only a fraction of dutiable imports from the scheme's beneficiaries, it was intensively utilized, as is shown by the fact that 93 per cent of the imports covered by the scheme actually received preferences. This high rate of utilization is largely related to the fact that there are no *a priori*

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22 See document TD/B/C.5/30/Add.1, annex II.A.

23 *Ibid.*, annex II.B.

24 See annex II for the methodology used and annex IV for the estimates by beneficiary.

TABLE 1

Imports from actual beneficiaries in 1972

(Millions of dollars)

CCCN chapters (1)	Total imports (2)	Dutiable imports [a] (3)	Imports eligible for preferences (4)	Imports which received preferences (5)	Percentage shares (6)=(4)/(3)	(7)=(5)/(3)	(8)=(5)/(4)
1-24	1 527.8	1 100.9	62.1	58.0	5.6	5.3	93.4
25-99	8 809.9	5 407.8	972.8 [b]	304.4	18.0	5.8	31.3
1-99	10 337.7	6 508.7	1 034.9	362.4	15.9	5.6	35.0

Source: Annex IV.

[a] Average of "overestimate" and "underestimate" (see foot-note to annex IV).

[b] Copper alone accounted for $227 million and fell within a product group subject to a zero ceiling.

TABLE 2

Imports of agricultural products falling within CCCN chapters 1-24 from beneficiary countries which fulfilled the notification requirements under the rules of origin in fiscal year 1972

(Thousands of dollars)

Total imports (1)	Dutiable imports (2)	Imports covered by scheme [a] (3)	Imports receiving preferences [a] (4)	Percentage shares (5)=(3)/(2)	(6)=(4)/(2)	(7)=(4)/(3)
1 527 837	1 100 868	min. 62 007 max. 62 141	min. 57 963 max. 58 010	5.6	5.3	93.4

Source: Table 1.

[a] Some products defined at the tariff line level are partly included in and partly excluded from the scheme. Consequently, two estimates were made, an underestimate ("min."), and an overestimate ("max.") (see also foot-note to annex IV).

limitations on preferential imports of agricultural products as there are on semi-manufactured and manufactured products. It also indicates that whenever suitable products of interest to the beneficiary countries are included in the scheme those countries tend to take maximum advantage of the opportunities afforded.

51. Examination of the imports is limited to agricultural products covered by 41 of the 57 headings in CCCN chapters 1-24.[25] The remaining 16 products are excluded either because there were no imports recorded from developing countries in 1972 or because the Japanese authorities did not report any of these imports as having actually gained preferential treatment.[26]

52. Table 3 lists the ten most important agricultural products which actually received preferential treatment in 1972, accounting for 87 per cent of the total value of such imports. Three products—namely, grapes, fresh or dried (08.04), palm oil (15.07) and dried, dehydrated or evaporated vegetables (ex 07.04)—accounted for the bulk of these imports.

53. Table 4 indicates that of the 44 beneficiaries which received preferential treatment for their agricultural products under the scheme, nine accounted for about $51 million, or 88 per cent, of the total value of trade which gained preferential treatment. The remaining 35 beneficiaries shared the balance of $7 million.[27]

54. Table 5A provides information on the trade of the 13 actual beneficiaries among the least developed of the developing countries which exported agricultural products to Japan in 1972. However, for only, three of these countries (Nepal, Ethiopia and United Republic of Tanzania) were the goods exported eligible for preferential treatment. For the ten other countries the exports were ineligible for preferences either because the MFN rate was zero or because the exports consisted of products not covered by the scheme. Japanese imports from Nepal, Ethiopia and the United Republic of Tanzania which received preferential treatment amounted to $43,000,

[25] TD/B/373/Add.7/Annex, annex 2 (1) contains the "positive" list of agricultural products falling within CCCN chapters 1-24 covered by the scheme for 1972.

[26] See annex II below for a discussion of the methodology employed in this analysis.

[27] See annex IV for details by beneficiary (and also) foot-note *c* to table 4.

TABLE 3

Major agricultural products imported in 1972 with preferential treatment

(Thousands of dollars)

Product (CCCN)	Brief description [a]	Preferential imports
08.04	Grapes, fresh or dried	14 706
15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified: Palm oil	12 177
ex 07.04	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder, but not further prepared	8 561
21.07	Food preparations not elsewhere specified	3 266
16.05	Crustaceans and molluscs, prepared or preserved	2 536
04.07	Sea urchins	2 370
12.08	Edible seaweeds, wet or dried	2 298
12.07	Plants and parts of trees used primarily in perfumery, pharmacy, etc.	2 199
15.16	Vegetable waxes	1 430
22.09	Spirits for the manufacture of beverages	815
	Total	50 358
	Other agricultural products	7 628
	ALL AGRICULTURAL PRODUCTS	57 986

[a] See TD/B/373/Add.7/Annex, annex 2 (1), for the full product description.

$810,000 and $250,000 respectively (a total of $1,103,000). Imports which received preferential treatment represented 50 per cent of total dutiable imports and 88 per cent of eligible imports from these countries.

55. The remaining 12 least developed countries are all recognized beneficiaries but did not fulfil the notification requirements. However, imports were recorded from only four of these countries—Upper Volta, Mali, Western Samoa and Niger (see table 5B)—amounting to $4,749,000, of which $337,000 were dutiable and $1,000 were eligible for preferential treatment. Despite the small amount of their trade covered by the scheme in 1972 it is nevertheless in the interest of all 12 countries to notify the Japanese authorities of the names of the bodies in their countries which are authorized to issue certificates of origin, in accordance with the rules of origin, in order to avail themselves of the benefits of the scheme. As the product coverage of the scheme improves and the countries themselves develop new export potential, compliance with the notification requirements will ensure that preferential treatment is accorded, provided that the other requirements of the rules of origin are met.

56. There are several agricultural products of current export interest to the developing countries, including the least developed, which are excluded from the scheme. If such products were included, the developing countries would undoubtedly respond, as they have with the current product coverage. Table 6 shows that there are 27 such products, imports of which exceeded $1 million each in 1972. If all, or even some, of these products were included in the scheme the benefits for the scheme's beneficiaries would be significantly enhanced. Imports of these 27 products amounted in 1972 to some $806 million,

TABLE 4

Imports of agricultural products from major actual beneficiaries in 1972 [a]

(Thousands of dollars)

Beneficiary	Total imports	Dutiable imports	Imports covered by scheme [b]	Estimated imports granted preferences [b]
Other	221 594	211 759	12 802	11 375
Republic of Korea	116 272	104 332	12 365	11 012
Ghana	30 411	10 337	10 164	10 164
Indonesia	79 794	64 011	7 852	7 576
Malaysia [c]	25 654	25 139	5 485	5 177
Of which: Sabah	7 412	7 057	3 513	3 379
Peninsular Malaysia	18 242	18 082	1 972	1 798
Brazil	67 746	28 921	2 455	2 422
Cameroon	7 144	4 319	1 679	1 679
Singapore	5 090	4 389	1 679	1 679
Total above	553 705	453 207	54 155	50 732
Other beneficiaries	974 117	647 661	7 919	7 254
All beneficiaries	1 527 822	1 100 868	62 074	57 986

Source: Annex IV.

[a] Beneficiaries with exports to Japan exceeding $1 million on which preferential treatment was received.

[b] Average of "overestimate" and "underestimate" (see foot-note to annex IV).

[c] Japanese trade statistics list imports from each of the three separate parts of Malaysia, i.e. Peninsular Malaysia, Sabah and Sarawak. Figures from Sarawak are not given because no dutiable agricultural imports from Sarawak are covered by the scheme of Japan. (For details, see annex IV.)

TABLE 5

Agricultural imports from least developed countries in 1972

(Thousands of dollars)

A. IMPORTS FROM ACTUAL BENEFICIARIES

Country	Total imports	Dutiable imports	Imports covered by scheme	Estimated imports granted preferences
Afghanistan	128	2	—	—
Nepal	1 372	68	46	43
Of which:				
ex 12.07 (Plants and parts)	48	46	46	43
Haiti	169	—	—	—
Sudan	12 866	11	—	—
Ethiopia	12 397	1 141	934	810
Of which:				
15.15 (Beeswax)	279	279	279	258
16.03 (Meat extracts)	655	655	655	552
United Republic of Tanzania	7 112	700	271	250
Of which:				
15.15 (Beeswax)	271	271	271	250
Malawi	512	273	—	—
Botswana	30	1	—	—
Laos	4	—	—	—
Yemen	1 614	564	—	—
Dahomey	1 385	818	—	—
Somalia	262	—	—	—
Uganda	10 326	8	—	—
TOTAL	48 177	3 586	1 251	1 103

B. IMPORTS FROM BENEFICIARIES WHICH DID NOT FULFIL THE NOTIFICATION REQUIREMENTS

Country	Total imports	Dutiable imports	Imports covered by scheme	Estimated imports granted preferences
Upper Volta	834	336	—	—
Of which:				
12.01 (oil seeds)	763	265	—	—
15.07 (vegetable oils)	71	71	—	—
Mali	649	—	—	—
Of which:				
12.01 (oils seeds)	649	—	—	—
Western Samoa	3 111	1	1	—
Of which:				
06.03 (cut flowers)	1	1	1	—
10.07 (cereals)	5	—	—	—
12.01 (oil seeds)	176	—	—	—
13.01 (dyeing and tanning materials)	38	—	—	—
18.01 (cocoa beans)	2 891	—	—	—
Niger	155	—	—	—
Of which:				
12.01 (oil seed)	155	—	—	—
TOTAL	4 749	337	1	—

or almost three times the value of imports of products covered by the scheme.

57. It thus appears that the benefits of the scheme, in terms both of the number of products gaining preferential treatment and of the suppliers of those products, have tended to be concentrated. Broadening of the product coverage to include some or all of the major agricultural exports shown in table 6 would extend the benefits of the scheme to a larger number of developing countries.

58. Recognized beneficiary countries, other than the least developed, which exported agricultural products that were eligible for preferential treatment in 1972, but which failed to comply with the notification requirements were Bermuda, Morocco and Nigeria. Their combined trade in products covered by the scheme, for which they failed to gain preferential treatment because of non-compliance with the notification requirements, amounted to $1 million.

D. Semi-manufactured and manufactured products falling within CCCN chapters 25-99

1. Safeguard measures

59. Industrial products eligible for preferences and falling within CCCN chapters 25-99 are subject to *a priori* limitations in the form of ceiling quotas and maximum country amounts. The scheme's coverage of industrial products imported from actual beneficiaries in fiscal year 1972 amounted to $973 million, or 18 per cent of all dutiable imports of such products from these countries. However, less than one-third, or $304 million, of these eligible imports actually received preferential treatment. Eligible imports of copper alone, which accounted for $227 million, did not receive preferential treatment because they fell within a product group subject to a zero ceiling (see table 1 above and paragraphs 80-83 below). Thus, on account of these *a priori* limitations, as well as of difficulties with the rules of origin and failure to claim GSP treatment, more than two-thirds of imports eligible for preferences did not actually receive then.

60. Under the scheme for 1972, eligible industrial products were classified for administrative purposes into 206 product groups, to each of which was assigned a ceiling quota and maximum amount calculated according to a predetermined formula (see paragraphs 10 and 11 above). Imports over and above these limits were subject to the full MFN duty.

2. Ceiling quotas

61. The formula used for determining ceilings has already been extensively analysed in the previous secretariat study,[28] but the experience of four successive years of operation of the scheme provides a basis for its further evaluation.

62. Since the scheme's inception, in August 1971, the reference year for calculation of the basic amount has remained 1968. Yet the basic amount, being the value of imports from beneficiaries in the reference year, determines by and large the level of the ceiling. The supplementary amount, although variable and not fixed, relates to only 10 per cent of the value of imports (in a later year) from non-beneficiaries. Consequently, the basic amount largely determines, the level of the ceilings in the case of products mainly imported from beneficiaries, while the supplementary amount largely determines the level of ceilings for products mainly imported from non-beneficiaries. Since the reference year for calculation of the basic amount has remained unchanged, the supplementary amount is, and has been, the only factor contributing to the growth of ceilings. Thus these disparate components of the ceiling formula lead to growth in ceilings on product groups which are of little or no current export interest to beneficiaries and very slow growth in the product groups where the beneficiaries have a demonstrable ability to expand their exports.

63. Table 7 contains comparative information on the level of ceilings and the value of imports eligible for preferences covering the fiscal years 1971-1974. Over this period, imports of products eligible for preferences totalled $6,606 million, while the ceiling levels for these products amounted to only $2,756 million. Thus, in the aggregate for the four-year period as a whole, trade eligible for preferences exceeded the ceiling levels by 58 per cent. While these values are subject to error resulting from exchange-rate fluctuations and inflation over the period (see table 7, foot-note h), they tend nevertheless to indicate the shortfall in ceiling growth relative to the growth of eligible imports from the scheme's beneficiaries.

64. This ceiling growth contrasts with a growth of imports of products eligible for preferential treatment of about 209 per cent. As outlined above, the explanation for these disparate growth rates is rooted in the maintenance of 1968 as the reference year for calculation of the basic amount. This forces the growth in ceilings to be solely determined by the increments in the supplementary amount, the growth of which largely affects only those product groups in which developing countries currently have little or no current export interest.

65. The obvious remedy for this state of affairs is the elimination of the entire system of ceilings quotas, and reliance on conventional escape-clause safeguards to protect Japanese domestic interests or, if this is not feasible, the adoption of a method of calculating ceilings such that they cover current imports from beneficiaries and allow for the growth of such imports. Under the present system, imports in excess of ceilings as a percentage of total eligible imports tend to increase with the growth of eligible imports. In fact, this proportion more than doubled between 1972 and 1973.

3. The operation of the ceilings and maximum amount limitations in fiscal year 1972

66. In 1972, ceilings were reached in the case of 76 of the 206 product groups subject to ceilings, and the maximum amount was imposed on individual beneficiaries for 13 further product groups. Thus, in all, 89 of the 206 product groups were affected by these *a priori* cons-

[28] Document TD/B/C.5/6*, paras. 40-49.

TABLE 6

Imports from recognized beneficiaries of agricultural products falling within CCCN chapters 1-24 in 1972 of products not covered by the scheme [a]

(Thousands of dollars)

Product (CCCN)	*Description*	*Value*
02.01	Meat and edible offals of the animals falling within headings Nos. 01.01, 01.02, 01.03 or 01.04, fresh, chilled or frozen	33 627
02.02	Dead poultry ... fresh, chilled or frozen	3 307
03.01	Fish, fresh (live or dead), chilled or frozen	85 058
03.02	Fish, dried, salted or in brine, smoked fish, whether or not cooked before or during the smoking process	3 829
03.03	Crustaceans and molluscs, whether in shell or not, fresh (live or dead), chilled, frozen, salted, in brine or dried; crustaceans, in shell, simply boiled in water	300 819
04.02	Milk and cream, preserved, concentrated or sweetened	2 042
04.06	Natural honey	8 064
05.15	Dead animals which can be used only as fertilizers	1 466
07.01	Vegetables, fresh or chilled	2 447
07.02	Vegetables (whether or not cooked), preserved by freezing	1 790
07.03	Vegetables provisionally preserved in brine, in sulphur water or in other preservative solutions, but not specifically prepared for immediate consumption	3 031
07.05	Broad beans and peas	9 911
08.02	Citrus fruit, fresh or dried	1 828
08.05	Nuts other than those falling within heading No. 08.01, fresh or dried, shelled or not	1 561
09.02	Tea	20 190
11.08	Starches; inulin	5 509
12.01	Oil seeds and oleaginous fruit, whole or broken	1 043
13.02	Shellac, seed lac, stick lac and other lacs; natural gums, resins, gum-resins and balsams	1 919
13.03	Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, derived from vegetable products	3 829
14.01	Vegetable materials of a kind used primarily for plaiting (for example, cereal straw, cleaned, bleached or dyed, ocier, reeds, rushes, rattans, bamboos, raffia and lime bart)	2 654
14.05	Vegetable products not elsewhere specified or included	1 559
16.02	Other prepared or preserved meat or meat offal	1 771
17.01	Beet sugar and cane sugar, solid	227 326
17.03	Molasses, whether or not decolourized	36 260
20.05	Jams, fruit jellies, marmalades, fruit purée and fruit pastes, being cooked preparations, whether or not containing added sugar	1 470
22.08	Ethyl alcohol or neutral spirits, undenatured, of a strength of 80° or higher; denatured spirits (including ethyl alcohol and neutral spirits) of any strength	2 420
24.01	Unmanufactured tobacco; tobacco refuse	41 301
	TOTAL	806 031

[a] Products imports of which into Japan from recognized beneficiaries exceeded $1 million.

TABLE 7

Comparison of ceiling levels and imports eligible for preferences, 1971-1974

Fiscal year	*Imports eligible for preferences (millions of dollars)*	*Growth in imports eligible for preferences (percentage)*	*Ceiling quotas* [a] *(millions of dollars)*	*Growth in ceiling quota (percentage)*	*Imports in excess of ceilings [(2)—(4)] (millions of dollars)*	*Excess as percentage of eligible imports [(6)/(2)]*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*
1971 [b]	743 [c]	—	490	—	253	34
1972	1 035 [d]	40	694	42	341	33
1973	2 532 [e]	145	798	15	1 734	68
1974 [b]	2 296 [e]	—10	774 [f]	—3 [f]	1 522	66
(1975)	..	..	(900) [g]	(16)	..	..
Total 1971-1974	6 606	—	2 756	—	3 850	58
Increase between 1971 and 1974	—	209	—	58 [h]	—	—

Source: UNCTAD secretariat calculations.

[a] See annex V below. Figures exclude ceilings set in quantum terms.

[b] 1 August 1971-31 March 1972 or 1 April-31 December 1974 at an annual rate.

[c] See document TD//C.5/6*, table 3.

[d] See table 1 above.

[e] See TD/B/C.5/30/Add.1, annex II.

[f] The decline in the ceiling reflects the depreciation of the yen in 1974 relative to 1973. See annex V below or the values of the ceiling expressed in yen.

[g] See TD/B/534/Amend.1.

[h] In terms of the yen, the growth of ceilings was only 29 per cent.

traints.[29] With regard to the 130 product groups not affected by the ceiling constraint, the ceiling quotas for 10 were set at the zero level, preferential treatment on the products concerned thus being effectively eliminated (see paras. 80-83 and annex V, below), while 120 groups were open-ended, i.e., ceilings were not reached (see paras. 74-79 below).

(a) *Ceilings*

67. Table 8 indicates that the total value of imports from actual beneficiaries in the 76 product groups for which ceilings were reached amounted to about $456 million, or 47 per cent of total imports from actual beneficiaries of products covered by the scheme. Of this amount, one-third actually received preferential treatment; the imposition of ceilings contributed to the sterilization of the remaining two-thirds ($303 million).

68. The 11 major product groups shown in table 8 account for almost 70 per cent of the total value of eligible imports that were affected by the ceiling constraint. The large amount of sterilized imports in each of these product groups seems to substantiate the arguments put forth above (see paras. 62 *et seq.*) that the ceiling levels set on products of major interest to developing countries bear little relation to the level of actual imports from these countries because of the distant reference year (1968) used for calculation of the basic amount and the small growth of ceilings attributable to the supplementary amount as a result of the small growth in imports of these products from non-beneficiary countries. The ceiling constraint has been further accentuated by the narrow product coverage of each product group. An examination of the product composition of the affected imports shows that six of these 11 major product groups contain products that are either raw materials or products which require little sophisticated processing (precious and semi-precious stones, unalloyed aluminium and silver, chemical elements and sawn wood). The remaining products (outer garments, leather products, travel goods and furniture) are also traditional exports of developing countries. The imports of the most important of these affected products (precious and semi-precious stones), when defined at the tariff item level, exceeded by almost four times the value of imports which received preferential treatment.

69. While the introduction of flexible administration of these ceilings may to some extent offset the high level of import sterilization (see the analysis of the indications of the flexible administration policy in paras. 96-108 below, there is no doubt that the best way to prevent such sterilization is to base the calculation of the basic amount on a reference year that is as close as is statistically possible to the year of operation of the scheme.

(b) *Maximum amounts*

70. In fiscal year 1972 the maximum country amount constraint affected 13 product groups and 7 benefi-

[29] See TD/B/C.5/17/Add.4 for details. In no instance was the ceiling and maximum amount imposed on the same product group in 1972.

TABLE 8

Imports from actual beneficiaries in major product groups for which ceilings were imposed in 1972

(Thousands of dollars)

Product group	Imports covered by scheme	Of which: Received preferences	Sterilized
138 (Precious and semi-precious stones)	149 800	38 437	111 363
164 (Aluminium, unalloyed)	45 441	30 298	15 143
60 (Wood and articles of wood)	24 277	129	24 148
139 (Silver, unalloyed)	23 521	14 842	8 679
111 (Men's and boys' outer garments)	14 155	874	13 281
45 (Travel goods)	13 411	1 593	11 818
54 (Wood, sawn lengthwise)	11 992	7 643	4 349
42 (Goat and kid skin leather)	9 588	3 452	6 136
11 (Chemical elements)	8 429 [a]	5 666	2 763
204 (Furniture and parts thereof)	7 504	1 718	5 786
112 (Women's, girls' and infants' outer garments)	7 310	1 307	6 003
TOTAL: 11 major product groups	315 428	105 959	209 469
65 other product groups [b]	140 222	46 567	93 655
76 product groups affected by ceilings	455 650	152 526	303 124

Source: UNCTAD secretariat calculations and TD/B/C.5/30/Add.1, annex II.

[a] Average of "underestimate" and "overestimate" (see foot-note to annex IV).

[b] 3, 13 15, 38, 41, 47, 50, 53, 55, 56, 57, 58, 59, 64, 65, 70, 71, 72, 74, 76, 78, 79, 82, 85, 91, 96, 98, 100, 102, 115, 117, 118, 121, 122, 123, 125, 126, 129, 130, 132, 133, 134, 135, 140, 144, 145, 146, 154, 159, 165, 167, 169, 170, 173, 178, 183, 186, 187, 188, 197, 201, 204, 205, 207 and 208 (for product descriptions, see annex III).

ciaries—Republic of Korea, 6 groups; India, two groups, and Bulgaria, Chile, Hong Kong, Portugal and Spain, one group each. Table 9 indicates that the total value of imports from these 7 beneficiaries of products eligible for preferences in the 13 product groups amounted to over $21 million, of which some two-thirds, or $14 million, actually received preferential treatment. The application of maximum amounts caused over $7 million to become sterilized, i.e., to become subject to MFN duties.

71. The purpose of the use of a maximum country amount is to limit imports from any one beneficiary to one-half of each ceiling in order to reserve a portion of the ceiling for use by other beneficiaries in a position to export these products. The implicit assumption is that ceiling quotas are set at levels below the current exporting capabilities of the developing countries. The information in table 9 provides some basis for weighing up this rationale.

72. From the evidence in table 9 of the experience in 1972 it seems that the rationale is valid only to a certain extent. The table indicates that aggregate ceiling "slack", as measured by ceiling levels minus the estimated preferential imports from beneficiaries affected by the maximum amount limitation (column (6) of the table) is almost two-thirds utilized by the other beneficiaries from which Japan received imports in the same product groups (compare column (8) with column (6)). For the 13 product groups for which maximum amount limitations were applied, a ceiling slack valued at more than $13 million was generated, of which over $8 million was used by the 65 other beneficiaries which participated in the trade. Despite this high utilization of the ceiling slack, over $4 million was not used under the open-ended ceilings. In most cases the share reserved for other beneficiaries was greater than the capacity of minor suppliers, resulting in unnecessary sterilization, and in such cases the maximum amount therefore served as additional protection to domestic industries.

73. An examination by product group, however, reveals the difficulties implicit in any generalizations. For two product groups there were imports only from the beneficiary affected by the constraint and preferential imports from that beneficiary up to the ceiling level would not have meant the denial of preferences to others. In four out of the 13 cases only one other beneficiary was involved, and in one further case only two other beneficiaries. The introduction of a policy of flexible administration of these maximum amounts in the scheme for 1973 carries the potential for reducing or eliminating the difficulties associated with the sharing of preferences within tariff quotas.

4. OPEN-ENDED CEILINGS IN FISCAL YEAR 1972

74. Ceilings can be said to be "open-ended" when imports from the scheme's beneficiaries fall short of the established ceiling quota. This ceiling "slack" is important, since it allows for expansion of imports from developing countries within the ceiling constraint. However, as discussed in paragraph 62 above, in the formula for the ceiling levels only the supplementary amount determines their growth because of the constant reference year (1968).

75. The validity of this conclusion is confirmed by the experience of applying the scheme for 1972. Of the 206 product groups affected by ceilings, 120 turned out to be groups with "open-ended" ceilings.[30] From table 10 it may be seen that the majority of these product groups do not include products that are dynamic exports by developing countries in the sense that they are products of a successful and expanding export sector. The relatively high ceiling levels on these product groups reflect only the high level of imports from sources other than beneficiaries of the scheme.

76. The table indicates that the value of ceilings on these 120 product groups amounted to $608 million, of which only $152 million were utilized. The total value of

[30] Product groups 4**, 7**, 8**, 23**, 27**, 29**, 32**, 43**, 48**, 51**, 77**, 99**, 101**, 124**, 142**, 158**, 160**, 161**, 162**, 195**; 9*, 10*, 16*, 17*, 18*, 24*, 25*, 26*, 28*, 30*, 33*, 34*, 61*, 66*, 67*, 68*, 69*, 75*, 80*, 81*, 86*, 89*, 90*, 94*, 95*, 103*, 105*, 107*, 108*, 110*, 120*, 128*, 136*, 143*, 149*, 151*, 155*, 168*, 171*, 172*, 174*, 175*, 176, 177*, 180*, 181*, 182*, 189*, 190*, 193*, 194*, 196*, 199*, 200*, 202*, 203*, 206*; 6, 19, 22, 31, 35, 36, 37, 39, 40, 44, 46, 49, 62, 63, 73, 83, 84, 87, 88, 92, 93, 97, 104, 106, 109, 113, 114, 116, 119, 127, 131, 137, 141, 156, 157, 163, 166, 184, 191, 192, 209, 210, 211 (for product descriptions, see annex III below). Two asterisks denote a product group for which the ceiling was completely unutilized; one asterisk denotes a product group for which 50 per cent or more of the ceiling was unutilized.

TABLE 9

Imports from beneficiaries by the maximum amount limitation in 1972

(Thousands of dollars)

Beneficiary	Product group[a] (1)	Ceilings (2)	Imports of products covered by scheme (3)	Estimated imports which received preferences[b] (4)	Estimated imports sterilized [(3)—(4)] (5)	Ceiling slack [(2)—(4)] (6)	Other actual beneficiaries in product group: Number of beneficiaries (7)	Other actual beneficiaries in product group: Estimated imports which received preferences (8)	Excess ceiling slack [(6)—(8)] (9)
Chile	6 Molybdenum ore	337	641	211	430	126	1	56	70
Republic of Korea	35 Artificial resins and plastic materials	10 397	6 856[c]	5 199	1 657	5 198	17	3 935	1 263
Spain	39 Sheep and lamb skin leather	14	309	11	298	3	—	—	3
India	40 Sheep and lamb skin leather, other	9 966	5 260	4 983	277	4 983	7	3 289	1 694
Portugal	62 Cork and articles of cork	963	1 324	696	628	267	4	132	135
Republic of Korea	73 Yarn spun from noil silk	64	429	75	354	0.3[d]	1	—	—
Republic of Korea	87 Man-made fibres, discontinuous	680	2 419	340	2 079	340	5	326	14
India	92 Other carpets, of coir	215	285	119	166	96	1	—	95
Republic of Korea	106 Gloves, mittens and mitts	291	480	145	335	152[d]	2	152	—
Republic of Korea	119 Made-up accessories for articles of apparel	1 195	1 843	599	1 244	596	7	21	575
Republic of Korea	137 Glass and glassware	2 751	1 467	1 376	91	1 376	19	630	746
Bulgaria	157 Wrought plates of copper, brass or bronze	10	6	5	1	5	—	—	5
Hong Kong	184 Portable electric lamps	150	142	99	43	51	1	1	50
	TOTAL	27 034	21 461	13 858	7 603	13 192.9[e]	65	8 542	4 650

Source: UNCTAD secretariat calculations.

[a] For product descriptions, see annex III below.

[b] "Reply" approach; see annex II below.

[c] Average of "overestimate" and "underestimate" (see foot-note to annex IV).

[d] In cases where preferential imports exceeded the ceiling, the values in column (6) equal total preferential imports from all beneficiaries, minus preferential imports from beneficiaries affected by the maximum amount limitation. This also equals preferential imports from other beneficiaries, shown in column (8).

[e] Does not equal col. (2) minus col. (4) for reasons explained in foot-note d.

ceiling slack, therefore, amounted to almost $457 million, or 75 per cent of the total value of the ceilings.

77. It should be noted, however, that trade eligible for preferences in these 120 product groups amounted to almost $400 million, or two-thirds of the value of ceilings, of which only $152 million were granted preferential treatment. Had the $248 million of sterilized imports met the rules of origin requirements and/or had preferential treatment been claimed, the unutilized portion or slack would have been only $209 million, or 34 per cent of the total level of the open-ended ceilings. Thus, while the ceiling formula as at present administered generates high ceiling values on these product groups, they could have been more adequately utilized had the beneficiaries complied or been able to comply with the rules of origin and not neglected to claim preferential treatment.

78. One half or more of the ceiling values were unutilized in 80 of these 120 open-ended ceilings. Of these, 20 ceilings were totally unutilized—i.e., there were no imports from actual beneficiaries which received preferential treatment.[31] Thus, the ceilings assigned to these 20 product groups were quite unnecessary. The fact that two-thirds of these open-ended ceilings were under-utilized is due to the arbitrary way in which products have been grouped for setting ceilings and it emphasizes the weakness of the ceiling formula as at present administered. In these cases the developing countries would have been better served had these product groups been subsumed under other, more fully utilized product groups, where imports from non-beneficiaries could have added to the supplementary amounts and raised the over-all ceiling levels. Experience as regards these open-ended ceilings represents a sharp contrast with that relating to the ceilings which were closed-ended in the same year. As argued in paragraphs 61-69 above, those ceilings were closed-ended because they covered products of direct current export interest to the beneficiaries, for which no growth was possible because of the fixed reference year.

79. The preceding analyses of both the closed-ended and the open-ended ceiling performance in 1972, together with the disparate growth rates of imports from beneficiaries and of ceiling levels, provide evidence that if the ceiling quota system cannot be eliminated entirely the ceilings should at least be calculated so as to provide preferential treatment for current levels of imports from beneficiaries as well as to accommodate the growth of such imports.

TABLE 10

Imports from actual beneficiaries in 120 product groups which had open-ended ceilings in 1972

(Thousands of dollars)

Value of ceilings (1)	Imports eligible for preferences (2)	Imports which received preferences (3)	Sterilized imports [a] [(2)—(3)] (4)	Ceiling slack: Value [(1)—(3)] (5)	Ceiling slack: Percentage of ceiling [(5)/(1)] (6)
608 723	399 731	152 196	247 535	456 527	75

Source: UNCTAD secretariat calculations.

[a] Sterilization due to failure to comply with the rules of origin or failure to claim preferential treatment.

[31] See foot-note 30 above for the product groups concerned.

5. Zero ceilings in fiscal year 1972

80. A further consequence of the maintenance of 1968 as the reference year is that any product for which no imports were recorded or that was temporarily duty-free in that year is excluded in the determination of the basic amount. In such cases the ceiling will be set at the zero level, unless there are imports from non-beneficiaries, when 10 per cent of the value of these imports would constitute the supplementary amount. However, it is only after a lapse of two years that the ceiling will thus attain a positive value.

81. In the scheme for 1972, ceilings were set at the zero level for ten product groups:[32] unroasted iron pyrites (nil); natural graphite ($111,000); tungsten ore (nil); terpinal, menthol and borneol ($9,000); sodium glutenate (nil); peppermint oil ($88,000); peppermint oil, other ($303,000); wood charcoal ($90,000); unwrought copper ($80.6 million), and unalloyed copper ($146.9 million). The value of these imports in 1972 amounded to over $228 million, with imports of copper alone amounting to over $227 million. All of these eligible products were denied preferential treatment as a result of the zero ceiling.

82. Imports of copper alone accounted for 25 per cent of all imports eligible for preferences in 1972. Japan maintains a sliding tariff on imports of copper in order to stabilize its import price. In 1968 and 1969 the import price of copper was high enough to allow it to be admitted duty-free, and hence it was technically not covered by the scheme when it was introduced in 1971. In 1971, and thereafter copper import prices fell below the support level and customs duties were imposed, thereby making copper imports eligible for preferences. However, since 1968 is still the reference year for the basic amount, the ceiling level was zero in 1972. There have been some copper imports from non-beneficiaries starting in 1971, and consequently the ceiling will equal 10 per cent of the value of these imports, with a two-year time lag.

83. The ineligiblity of copper imports for preferences as a result of the zero ceiling, given the particular importance of these imports in the total value of products eligible for preferences, provides a further argument in support of changing the reference year to a more recent year if the ceiling cannot be dispensed with altogether.

6. Hong Kong exceptions in fiscal year 1972

84. As mentioned in paragraph 4 above, imports from Hong Kong falling within 79 tariff headings (411 tariff lines) were not eligible for preferential treatment in 1972; the imports affected amounted in value to $50.4 million. Over 80 per cent of this amount involved imports in six product groups: 138 (precious and semi-precious stones);

[32] Product groups 1, 2, 5, 12, 14, 20, 21, 52, 152 and 153. Figures in brackets show actual imports (from all sources) in fiscal year 1972.

TABLE 11

Estimates of imports of industrial products (CCCN chapters 25-99) eligible for preferences in 1972 and of the effects of *a priori* limitations and other factors on the volume of imports actually granted preferential treatment

(Millions of dollars)

Total imports (1)	Dutiable imports [a] (2)	Imports eligible for preferences [a] (3)	Imports potentially preferential [b] (4)	Imports actual granted preferences [c] (5)	Non-ceiling sterilization [(4)—(5)] (6)	Shares (percentage) (3)/(2) (7)	(4)/(2) (8)	(4)/(3) (9)	(5)/(2) (10)	(5)/(3) (11)	(5)/(4) (12)	(6)/(3) (13)
8 809.9	5 407.8	972.8	618.1	304.4	313.7	18.0	11.4	63.5	5.6	31.3	49.2	32.2

Source: Annex IV.

[a] Average of "overestimate" and "underestimate" (see foot-note to annex IV).

[b] "Ceiling" approach (see below, annex II, paras. 12-13).

[c] "Reply" approach (see below, annex II, paras. 8-11).

109 (outer garments); 131 (artificial flowers, foliage or fruit); 108 (knitted or crocheted undergarments); 79 (yarn of combed sheep's or lamb's wool), and 141 (pearls, precious and semi-precious).

7. IMPORT STERILIZATION IN FISCAL YEAR 1972

85. Import "sterilization" can arise in four ways: (*a*) when MFN duties are re-introduced on imports from all beneficiaries after a ceiling has been attained; (*b*) when MFN duties are re-introduced on imports from a single beneficiary after the maximum amount has been attained; (*c*) when imports fail to meet the requirements under the rules of origin or fail to comply with the scheme's administrative procedures; and (*d*) when importers and/or exporters fail to claim preferential treatment on products covered by the scheme. Sterilization resulting from the imposition of ceilings and maximum amounts depends on the levels set for these ceilings and maximum amounts and is thus beyond the control of the beneficiaries. Sterilization which results from failure to comply with the rules of origin, on the other hand, can be due to the stringency of the origin and other requirements or to lack of knowledge on the part of exporters about these requirements. Although these difficulties could be remedied through simplification of the requirements and the dissemination of more information, exporters and importers could pay closer heed to the existing requirements so as to gain preferential treatment. So far as failure to claim preferential treatment is concerned, this could be countered through a wider dissemination of information about the scheme and its procedures, a simplification of the procedures and greater diligence on the part of exporters and importers.

86. In order to obtain some insight into the magnitude of imports sterilized for the last two of these four reasons, two approaches were used. The first, or "ceiling" approach, was to estimate the amount of each beneficiary's imports which was sterilized solely as a result of the ceiling or maximum amount constraint. The second, or "reply" approach, was to obtain the amount of each beneficiary's imports which was sterilized for any of the four reasons—i.e. ceilings, maximum amounts, non-compliance with rules of origin or failure to claim preferential treatment.[33] These latter imports were obtained by deducting from total imports from beneficiaries those imports recorded in the Japanese reply[34] as actually having received preferential treatment. By subtracting the "reply" approach figures from the figures obtained by the "ceiling" approach, estimates were derived of each beneficiary's sterilization of imports on account of factors other than the ceiling or maximum amount limitation.

87. Table 11 summarizes the results of these calculations for all the beneficiaries.[35] Imports which would have received preferential treatment, had the ceiling and maximum amount limitations alone applied, amounted to $618.1 million, and imports which actually received preferential treatment to $304.4 million, this latter figure reflecting not only the effect of the *a priori* limitations ($357.4 million) but also that of "non-ceiling sterilization" ($313.7 million). Thus, 63.5 per cent of eligible imports would have received preferential treatment if *a priori* limitations alone had applied, whereas in actual fact only 31.3 per cent of eligible imports received preferential treatment. The difference provides an estimate of imports sterilized solely for reasons connected with the rules of origin, administrative procedures and neglect to claim preferential treatment. Thus, imports to the value of $314 million, representing 32 per cent of total imports eligible for preferential treatment, did not receive such treatment for these reasons. Estimated total sterilization on account of all four reasons listed in paragraph 85 above amounted to $668 million ($972.8 million less $304.4 million). Had the beneficiaries been able to avoid the sterilization resulting from rules of origin, administrative procedures and neglect to claim preferential treatment, the estimated value of imports sterilized could have been reduced to $355 million, or 57 per cent.

88. While this analysis does not discount the importance of sterilization caused solely by the ceiling and max-

[33] See annex II below for a detailed explanation of the methodology employed.

[34] Document TD/B/C.5/30/Add.1, annex II.

[35] See annex IV for the estimates for each beneficiary.

imum amount constraints, it nevertheless highlights the loss of benefits under the scheme due primarily to unduly stringent rules of origin, complex administrative procedures and negligence on the part of exporters in beneficiary countries and of importers in Japan to claim preferences under the scheme either because of lack of information or because of uncertainty over receiving preferential treatment.

8. Major suppliers of industrial products in fiscal year 1972

89. Ten actual beneficiaries accounted for some 70 per cent ($213 million) of the industrial imports of some $304 million estimated to have received preferences in 1972 (see table 12), representing about 32 per cent of their trade with Japan in industrial products eligible for preferences. This share is similar to that of the other actual beneficiaries, which amounted to 29 per cent.

9. Imports of industrial products from the least developed of the developing countries in fiscal year 1972

90. Of the 25 least developed countries recognized as beneficiaries under the Japanese scheme, imports were recorded from 15 actual beneficiaries, 12 of which received preferential treatment for their exports to Japan, valued at $512,000. The bulk of (dutiable) exports from these 12 countries of products covered by the scheme consisted of unwrought copper from Uganda ($10.5 million) and these were denied preferential treatment because copper was subject to a zero ceiling (see paras. 80-83 above). The share of the 11 suppliers other than Uganda in imports of industrial products eligible for such treatment was 31 per cent, which is much the same as the average for actual beneficiaries of the scheme.

91. Table 13 indicates that imports from seven of these least developed countries were spread over five or more product groups (Nepal 17, United Republic of Tenzania 12, Afghanistan 9, Botswana 7, Ethiopia 6, Sudan 5, and Uganda 5). This spread suggests that if increased attention were paid to the administrative requirements of the scheme, substantially greater advantage could accrue to these beneficiaries for products which have already found a market in Japan.

92. Imports of industrial products from the least developed countries of products covered by the scheme and denied preferential treatment because of non-compliance in 1972 with the notification requirements were valued at only $1,400 in 1972, and came entirely from Western Samoa. Imports from the other least developed countries which did not comply with the notification requirements—Chad, Upper Volta, Mali, Guinea and Niger, although valued at almost $3 million, consisted entirely of duty-free items and came overwhelmingly from Chad.

10. Imports of industrial products from beneficiaries (other than least developed countries) not complying with the notification requirements

93. Table 14 indicates that imports in 1972 of industrial products eligible for preferences amounted to $50 million for the beneficiaries (other than least developed countries) which did not meet the notification requirements regarding certification of origin and hence were debarred from enjoying preferences on these exports (subject to their complying with other requirements).

Table 12

Imports of industrial products in CCCN chapters 25-99 from major actual beneficiaries in 1972

(Thousands of dollars)

Beneficiary (1)	*Total imports* (2)	*Dutiable imports* [a] (3)	*Imports eligible for preferences* [a] (4)	*Estimate of imports granted preferences* [a] (5)	*Percentage share* [(5)/(4)] (6)
Republic of Korea	411 648	344 096	193 641	55 983	28.9
Other	298 199	213 932	165 659	49 131	29.7
India	338 388	61 433	56 568	23 041	40.7
Israel	66 836	61 181	61 075	15 577	25.5
Pakistan	111 567	54 455	46 378	13 952	30.1
Hong Kong	120 572	99 695	47 538	12 740	26.8
Mexico	155 823	29 567	26 938	12 176	45.2
Ghana	21 536	17 345	17 030	11 150	65.5
Bahrain	37 686	23 544	15 087	10 527	69.8
Brazil	197 648	37 373	25 797	8 310	32.2
Total	1 759 903	942 621	655 711	212 587	32.4
Other actual beneficiaries	7 049 953	4 465 194	317 115	91 840	29.0
All actual beneficiaries	8 809 856	5 407 815	972 826	304 427	31.3

Source: Annex IV.

[a] Average of "overestimate" and "underestimate" (see foot-note to annex IV).

TABLE 13

Imports of industrial products (CCCN chapters 25-99) from beneficiaries among the least developed countries in 1972

(Thousands of dollars)

Beneficiary and major product groups [a]	*Total imports*	*Dutiable imports*	*Imports eligible for preferences*	*Estimate of imports granted preferences*
A. *Imports from actual beneficiaries*				
United Republic of Tanzania (40, 44, 60, 90, 102, 138, 141, 153, 182, 202, 209, 211)	7 005.6	1 163.6	1 107.0 [b]	313.1 [b]
Nepal (45, 60, 66, 91, 93, 109, 111, 112, 116, 123, 135, 140, 151, 159, 178, 208, 210)	276.5	67.2	66.9 [b]	48.1 [b]
Sudan (4, 18, 154, 166, 192)	18 251.3	734.7	100.1 [b]	43.6 [b]
Afghanistan (45, 49, 111, 112, 137, 138, 140, 159, 178)	123.8	98.7	97.9	28.3
Haiti (19, 22, 65)	75.9	63.5	63.5	20.0
Botswana (44, 45, 49, 50, 141, 204, 205)	66.3	66.3	66.3	19.0 [b]
Somalia (9, 196)	95.5	94.3 [b]	88.8 [b]	17.7
Uganda (5, 16, 50, 152, 166)	17 651.6	10 456.4	5 233.8 [b]	7.1
Yemen (163)	155.7	143.0	7.6 [b]	5.7
Malawi (153, 154, 163, 166)	43.1	28.2	15.2 [b]	4.9 [b]
Ethiopia (45, 75, 154, 182, 208, 210)	2 856.5	23.7	18.4 [b]	4.2 [b]
Dahomey	274.5	—	—	—
Burundi	272.5	—	—	—
Laos (70)	35.9	0.4	0.4	—
Rwanda (5)	27.4	26.9	13.4 [b]	—
TOTAL (excluding Uganda)	47 212.1 (29 560.5)	12 966.9 (2 510.5)	6 879.3 (1 645.5)	511.7 (504.6)
B. *Imports from other beneficiaries* [c]				
Chad	2 744.0	—	—	—
Upper Volta	80.4	—	—	—
Mali	119.7	—	—	—
Guinea	1.4	—	—	—
Western Samoa (138, 192)	1.4	1.4	1.4	—
Niger	0.8	—	—	—
TOTAL	2 946.3	1.4	1.4	—

Source: Annex IV.

[a] See annex III below for product descriptions.

[b] Average of "overestimate" and "underestimate" (see foot-note to annex IV).

[c] Beneficiaries not having complied in 1972 with the notification requirements concerning rules of origin.

From Liberia alone, dutiable imports amounted to over $38 million, all of which were potentially eligible for preferences. Cambodia, Bermuda, Bahamas, Surinam, Morocco, and the Central African Republic also had to forgo preferential treatment on the whole of their exports to Japan.

11. FLEXIBLE ADMINISTRATION OF CEILINGS AND MAXIMUM AMOUNTS IN FISCAL YEAR 1973

94. As mentioned earlier (see paras. 19 and 20 above), Japan introduced a system of flexible administration of ceilings and maximum amounts in its scheme for 1973, so that imports of products in specified product groups were allowed to exceed the established ceiling quotas and/or maximum country amounts. In fiscal year 1973 this treatment was applied to 128 product groups, including 64 for both ceilings and maximum amounts, 46 for ceilings alone and 18 for maximum country amounts alone.

95. The availability of statistics on the operation of the scheme for 1973 [36] makes it possible to examine the effects of the flexible administration of ceilings and maximum amounts in two ways: first, its effectiveness in terms of its application to ceilings which were closed in 1972; and secondly, its effectiveness in its actual application in 1973.

[36] See TD/B/C.5/30/Add.1, annex II.

TABLE 14

Imports of industrial products (CCCN chapters 25-99) in 1972 from beneficiaries (other than least developed countries) not meeting the notification requirements

(Thousands of dollars)

Beneficiary [a]	*Total imports*	*Dutiable imports*	*Imports eligible for preferences*
Liberia	80 578.1	38 197.9	38 197.8 [b]
Bahamas	6 278.9	6 229.3	6 229.3
Surinam	3 834.7	2 290.7	2 290.7
Morocco	11 330.6	1 244.4	1 242.9 [b]
Venezuela	25 211.1	24 837.3 [b]	498.5 [b]
Netherlands Antilles	2 308.2	1 796.4	203.1 [b]
Cambodia	261.4	142.4	142.4
Nigeria	91 048.4	88 981.3	107.2 [b]
Democratic Yemen	8 497.8	5 737.2 [b]	31.3
Mauritius	121.2	24.1	24.1
Bermuda	14.4	13.2	13.2
Brunei	130 348.5	125021.2	2.2
Central African Republic	164.0	1.5	1.5
TOTAL	359 997.3	294 516.9	49 984.2

Source: Annex IV.

[a] Beneficiaries in this category from which Japan recorded no eligible preferential imports include: Qatar, Cayman Islands, Grenada, Sierra Leone and Gilbert and Ellice Islands.

[b] Average of "overestimate" and "underestimate" (see foot-note to annex IV).

(a) *Comparative administration of ceilings and maximum amounts in 1972 and 1973*

96. For 47 [37] of the 76 product groups for which ceilings were reached in 1972 the ceilings were flexibly administered in 1973. These 47 product groups included three (of the total of ten) for which zero ceilings had been set in 1972. Four of the 13 product groups for which maximum amounts were imposed in 1972 were made subject to flexible administration of the amounts in 1973. [38]

97. In sum, 47 of the product groups subject to closed-ended ceilings in 1972 were among the 110 product groups to which flexible administration of ceilings was applied in 1973. The flexible administration of maximum amounts applied to only four product groups affected by maximum amounts in 1972, out of 82 product groups for which the amounts were applied flexibly in 1973. Alternatively, these findings can be expressed as follows: 63, or 57 per cent, of the 110 product groups subject to ceilings in 1972 and eligible for flexible administration of ceilings in 1973 were product groups which had open-ended ceilings in 1972, and for which there was no immediate danger of the ceiling being reached, while 79, or 96 per cent, of the 82 product groups subject to maximum amounts in 1972 and designated for flexible administration of maximum amounts in 1973, were product groups to which the maximum amount was not applied in 1972.

98. These findings suggest that the flexible administration of ceilings and maximum amounts in 1973 did not fully take into account the experience of the operation of the scheme. Since this new policy has the potentiality of offsetting the ceiling limitations which have resulted mainly from the maintenance of 1968 as the reference year for calculation of the basic amount, its effects would be greater if the product groups subject to flexible administration were selected from among those groups to which ceilings and/or maximum amount limitations had actually been applied in previous years.

(b) *Evaluation of the trade effects of the flexible administration of ceilings in fiscal year 1973*

99. The analysis which follows is based on an examination of the actual application of the policy of flexible administration in its initial year, fiscal year 1973. It is limited to a consideration of ceilings subject to flexible administration because none of the 34 product groups for which maximum amount limitations were imposed were among the 82 product groups for which flexible administration of maximum amounts were provided for. Thus flexible administration of maximum country amounts do not appear to have had any real impact in 1973 on the system of *a priori* limitations. [39]

100. Of the 101 product groups [40] analysed, imports which received preferential treatment were allowed to exceed the ceilings for 64 [41] product groups. The MFN rate was subsequently re-established on 22 of these product groups, but for imports above a level that exceeded the initial ceiling. Table 15 summarizes the information on imports subject to flexible administration in these 101 product groups. Ceilings for nearly two-thirds of these product groups would have been closed-ended had the flexible administration policy not been in effect. The extent of flexibility, as measured by the value of imports in excess of ceiling levels, varied among the ten major product groups distinguished in table 15 from 37 million (030—artificial resins and plastic materials) to $5.5 million (161—miscellaneous articles of base metal). For these 10 product groups as a whole the ceiling level was exceeded by $159 million, representing 71 per cent of the value of their imports which received preferential treatment and 71 per cent of the excess over the ceiling for all 64 product groups so affected.

[37] 1, 2, 3, 11, 42, 53, 54, 56, 57, 58, 59, 60, 64, 65, 71, 74, 76, 85, 96, 98, 100, 112, 115, 117, 118, 123, 129, 133, 134, 135, 144, 145, 146, 152, 159, 167, 170, 173, 178, 183, 185, 188, 197, 201, 205, 206 and 207. (For product descriptions, see annex III below).

[38] Product groups 35, 137, 157 and 184.

[39] The information provided by the Government of Japan, and reproduced in TD/B/C.5/30/Add.1, annex II, did not contain estimates for individual beneficiaries of imports which received preferential treatment. It was therefore impossible to determine whether imports from individual beneficiaries were allowed to exceed the nominal maximum amount levels.

[40] Twenty-seven product groups were excluded from the analysis because their ceilings were expressed in quantitative terms or because of statistical omissions (see foot-note a to table 16 below).

[41] Product groups 1*, 7, 12*, 16*, 19*, 24, 27, 30, 31*, 32, 43, 48, 49, 51, 52*, 53*, 54*, 55*, 57*, 59*, 60, 62*, 63, 66, 69, 71, 80*, 82*, 88, 92, 96, 98*, 104, 106, 107, 109, 110, 115, 121, 125, 126, 127*, 129, 137, 139, 144, 152*, 155, 157, 161, 164, 165, 166*, 167*, 168, 169*, 170, 171, 172, 179, 180, 183*, 189. An asterisk denotes a ceiling that was closed at a value exceeding the ceiling level. For other groups the ceiling was exceeded, but was not closed.

101. For the remaining 54 product groups that enjoyed flexible administration of ceilings, the ceilings were exceeded to a value of more than $66 million, or 50 per cent of the total value of imports in these product groups that received preferential treatment. In the aggregate, for these 64 product groups as a whole, the ceiling was exceeded by over $225 million, representing some 63 per cent of the total value of imports in these product groups that received preferential treatment.

102. Imports which received preferences in the remaining 37 product groups subject to flexible administration fell into the open-ended category because imports of products in these groups did not exceed ceiling levels. The value of these imports amounted to $213 million, or 41 per cent of the total value of ceilings applicable to them. The effectiveness of the policy was thus limited by failure to include additional product groups for which ceilings were closed-ended in 1972.

103. Taking the 101 product groups as a whole, the value of imports which received preferential treatment was less than the total value of the ceilings by over $80 million, despite the favourable results of the flexible administration policy whereby imports in 64 product groups exceeded their ceilings by $225 million. Thus it appears that the policy of flexible administration was effective in 1973 only when applied to product groups which would otherwise have been closed-ended. This suggests that if ceilings cannot be completely eliminated, or the reference year changed to a more recent one, the policy of flexible administration should be applied across-the-board to all product groups, in particular to those which have already been affected by ceilings. A policy along these lines would largely overcome the difficulties associated with the ceiling formula while still allowing Japan to control preferential imports which threatened domestic industry. It would accommodate increased imports from beneficiaries without prejudice to the effective control over preferential imports of so-called "sensitive" products.

104. An alternative approach to analysing the effectiveness of the policy of flexible administration is to compare imports for the product groups concerned with those for product groups which were not subject to flexible administration and to make comparisons within each of these two categories between product groups which were open-ended and those which were closed-ended (see table 16).

105. Part A of table 16 indicates that imports which received preferential treatment in 1973 and were subject to flexible administration of ceilings accounted for 52 per cent of imports eligible for preferences. The comparable figure for those imports not subject to flexible administration was only 11 per cent. Alternatively, those imports subject to flexible administration which received preferential treatment accounted for 80 per cent of the total imports which received such treatment, the remaining 20 per cent being imports in product groups not affected by the flexible administration of ceilings. It thus seems that the policy has, in practice, allowed more imports to gain preferential treatment than would otherwise have been

TABLE 15

Imports from actual beneficiaries of industrial products (CCCN chapters 25-99) in major product groups for which flexible administration of ceilings was applied in 1973

(Thousands of dollars)

Major product groups (1)	*Imports eligible for preferences* (2)	*Imports which received preferences* (3)	*Ceiling* (4)	*Flexibility [(3)—(4)]* (5)
1. Artificial resins and plastic materials	56 690	48 963	11 571	37 392
2. Paper and paper board	34 492	33 153	5 971	27 182
3. Sawn wood	36 436	33 891	8 218	25 673
4. Electrical machinery and equipment	62 072	52 847	28 568	24 279
5. Articles of stone, cement, etc.	15 569	11 594	1 798	9 796
6. Mineral products	11 150	9 586	262	9 324
7. Wood, articles of wood, cork, basket and wicker ware, etc.	74 285	10 301	2 554	7 747
8. String musical instruments, other	13 941	6 614	150	6 464
9. Chemical products	12 724	11 530	5 973	5 557
10. Miscellaneous articles of base metal	7 529	6 434	947	5 487
TOTAL:				
(*a*) 10 major product groups	324 888	224 913	66 012	158 901
(*b*) 54 other product groups	398 822	133 984	67 561	66 428
(*c*) 64 product groups [(*a*)+(*b*)]	723 710	358 897	133 573	225 329
(*d*) 37 product groups with open-ended ceilings	380 701	213 457	519 397	·
101 product groups [(*c*)+(*d*)]	1 104 411	572 354	652 970	225 329

Source: UNCTAD secretariat calculations.

TABLE 16

A comparison of imports in product groups subject to flexible administration of ceilings and other product groups, 1973

(Thousands of dollars)

Category (1)	*Imports eligible for preferences* (2)	*Share in total (percentage)* (3)	*Imports granted preferences* (4)	*Share in total (percentage)* (5)	*Imports granted preferences as share of imports eligible for preferences (percentage) (4)/(2)* (6)
		A. *Summary*			
I. Product groups subject to flexible administration [a]	1 104 411	47	572 354	80	52
II. Other product groups	1 262 228	53	142 389	20	11
TOTAL ^^^^^^^^^^^^^ 2 366 639	100	714 743	100	30	
		B. *Analysis by open-ended and closed-ended ceilings*			
I. Product groups subject to flexible administration [a]					
A. Open-ended	380 701	34	213 457	37	56
B. Ceiling exceeded; remained open	499 411	45	303 547	53	61
C. Ceiling exceeded but limitation imposed at higher level	224 299	21	55 350	10	25
D. Total	1 104 411	100	572 354	100	52
II. Other product groups					
A. Open-ended	796 308	63	69 466	49	9
B. Closed-ended	465 920	37	72 923	51	16
C. Total	1 262 228	100	142 389	100	11

Source: UNCTAD secretariat calculations.

[a] 101 product groups. This figure excludes the following product groups, for which ceilings are expressed in quantum terms or for which there are statistical omissions: 2, 4, 6, 9, 10, 35, 37, 116, 134, 135, 136, 142, 143, 145, 146, 147, 149, 150 and 151. (For product descriptions, see annex III.)

possible. This conclusion is supported by the preceding analyses (see table 15), which indicated that preferential imports admitted in excess of nominal ceiling levels amounted to $225 million. However, it must be remembered that table 16 shows the distribution of preferential imports only between those product groups subject to the policy and those which were not, and thus merely indicates that a larger share of the imports which received preferences consisted of products in product groups subject to flexible administration of ceilings.

106. A more meaningful comparison is the import performance of products which received preferential treatment in 1972, when the policy of flexible administration was not in effect (see table 1), with the performance in 1973. Imports which received preferential treatment in 1972 amounted to $304 million (CCCN chapters 25-99), compared to almost $715 million in 1973. This increase was due to a variety of factors, of which the flexible administration policy was only one. As mentioned above, only $225 million of the increase was strictly attributable to flexible administration. The more important measure of performance is the share of eligible imports which actually received preferential treatment in the periods, a share which is remarkably similar in both years—31.3 per cent in 1972 and 30.2 per cent in 1973. Thus, while the policy of flexible administration has contributed considerably to the increase in preferential trade in absolute terms, the share of preferential imports in trade eligible for preferences remained the same. Had the policy not been applied, the share would have declined by one-third, from 30.2 per cent to 20.7 per cent. What the different shares of imports receiving preferential treatment in product groups subject to flexible administration of ceilings on the one hand and in other product groups on the other hand clearly indicate is the scope for increasing preferential imports by applying the policy of flexible administration across-the-board to all product groups.

107. This scope for improvement is even more evident when part B of table 16 is examined. Those product groups with respect to which it was permitted for ceilings to be exceeded accounted for 63 per cent of all imports which received preferences (53 per cent for product groups where ceilings were allowed to remain open for

the entire fiscal year and 10 per cent for product groups where ceilings were exceeded but a limitation was imposed at a higher level). If those product groups which were not subject to flexible administration and were closed-ended had been made subject to the policy, undoubtedly preferential imports would have increased significantly.

108. The foregoing analysis leads to the following conclusions:

(*a*) As a result of the flexible administration of ceilings, preferential imports were allowed to exceed significantly the level of ceilings. Imports in excess of ceilings constituted almost one-third of total imports (CCCN chapters 25-99), which received preferential treatment in 1973. The flexible administration policy has thus offset, to some extent, the restricive effect of the formula for the calculation of ceilings.

(*b*) The policy of flexible administration helped in 1973 to maintain the share of preferential imports in total imports of products eligible for preferences at a level roughly comparable with that of 1972. In the absence of this policy the share of preferential imports would have significantly declined.

(*c*) The policy has been effective for 64 product groups, inasmuch as imports exceeded the ceiling levels. For 37 other product groups it was inaffective, because preferential imports did not even reach ceiling levels.

(*d*) The distribution of preferential imports between product groups subject to flexible administration and those not so subject indicates that substantial gains could accrue to the scheme's beneficiaries if the policy were to be applied across-the-board to all product groups. This would allow for an increase in effective ceiling limits over their almost static nominal levels. It would further create ceiling slack to accommodate a growth in imports from beneficiaries while still providing Japan with a device for controlling preferential imports of so-called "sensitive" products (i.e. products which might threaten injury to domestic production).

(*e*) The flexible administration of ceilings does not, however, remove the uncertainty embodied in the system of *a priori* limitations, because Japan reserves the right at any moment to withdraw preferential treatment (of all products in a group or of particular products within each group) and to reintroduce the MFN duty.

ANNEXES

ANNEX I

Beneficiaries of Japan's scheme of preferences for fiscal year 1975

Afghanistan
Algeria
*73 Antigua
Argentina
*72 Bahama
72 Bahrain
72 Bangladesh
Barbados
*72 Bermuda
Bolivia
72 Botswana
Brazil
*72 British Honduras
72 British Solomon Islands
*73 British Virgin Islands
*72 Brunei
72 Bulgaria
Burma
Burundi
*73 Bhutan
Cambodia
*72 Cayman Islands
* Central African Republic
Chad
Chile
Colombia
Congo
72 Cook Islands
Costa Rica
Cuba
Cyprus
Dahomey
* Democratic Yemen
*73 Dominica (British)
Dominican Republic
Ecuador
Egypt
El Salvador
* Equatorial Guinea
Ethiopia
Fiji
*72 Falkland Islands and Dependencies
Gabon
Gambia
Ghana
*73 Gibraltar
*72 Gilbert and Ellice Islands
Greece
72 Grenada
Guatemala
Guinea
Guyana
Haiti
Honduras
72 Hong Kong
India
Indonesia
Iran
Iraq
Israel
Ivory Coast
72 Jamaica
Jordan
Kenya
Republic of Korea
Kuwait
Laos
Lebanon
*73 Lesotho
* Liberia
Libyan Arab Republic
Madagascar
* Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
* Mauritius
Mexico
*74 Mongolia
*73 Montserrat
Morocco
Nepal
72 Netherlands Antilles
*73 New Hebrides
Nicaragua
Niger
Nigeria
*72 Niue
Pakistan
Panama
72 Papua New Guinea
Paraguay
Peru
Philippines
72 Portugal
*72 Qatar
Republic of Korea
Republic of South Viet-Nam
72 Romania
Rwanda
Saudi Arabia
Senegal
*72 Seychelles
* Sierra Leone
Singapore
Somalia
Spain
*73 Sri Lanka
*73 St. Helena and Dependencies
*72 St. Kitts-Nevis-Anguilla
*73 St. Lucia
St. Vincent
Sudan
72 Surinam
72 Swaziland
Syrian Arab Republic
Thailand
Togo
72 Tokelau Islands
72 Tonga
Trinidad and Tobago
Tunisia
Turkey
*73 Turks and Caicos Islands
Uganda
72 United Arab Emirates
United Republic of Cameroon
United Republic of Tanzania
Upper Volta
Uruguay
Venezuela
Western Samoa
Yemen
Yugoslavia
Zaire
Zambia

Source: Scheme of Japan for fiscal year 1974 (TD/B/534), appendix I. No changes were made to the list of beneficiaries in the scheme for fiscal year 1975.

NOTE. An asterisk denotes a beneficiary not yet having notified Japan of the certifying bodies authorized to issue certificates of origin (status as of January 1975). The figures 72, 73 and 74 indicate the fiscal year in which the country or territory concerned was first included as a beneficiary of the scheme. Beneficiaries not so marked have been included in the scheme since its inception.

ANNEX II

Methodology used for estimating preferential imports by beneficiary on a product basis

1. The first step in the analysis of the trade data provided by the Japanese authorities on computer tape for the fiscal year 1972 was to classify each of the more than 6,000 tariff-line items according to whether they represented dutiable or duty-free products and, in the former case, whether they were covered by the scheme. In addition, a distinction had to be made between products excluded for all beneficiaries and the Hong Kong exceptions (see para. 4 of the text). It was also necessary to identify those "selected" tariff items subject to a 50 per cent duty reduction. A further distinction was made between beneficiaries which had met the notification requirements under the rules of origin ("actual" beneficiaries) and those which had not fulfilled these requirements during the fiscal year 1972 and consequently could not receive preferential treatment for their exports.

2. The analysis of the distribution of the benefits of the scheme among the various beneficiaries was handicapped by the fact that the information received from Japan in response to the *note verbale* addressed by the Secretary-General of UNCTAD to preference-giving countries [a] included statistics at only the product or product group level and did not distinguish imports by beneficiary. It was therefore necessary to find some means of fitting the information into the separate set of detailed statistics on imports from individual beneficiaries (see text, para. 44). The methodology used for estimating preferential imports (i.e., imports actually granted preferences) from individual beneficiaries is described in the following paragraphs.

A. Agricultural products falling within CCCN chapters 1-24

3. Preferential agricultural imports from each actual beneficiary were estimated for each tariff item by multiplying the total value of preferential imports by the proportion of total eligible imports accounted for by each actual beneficiary. The information by tariff item on eligible imports from each beneficiary came from the computer tape. The total value of preferential imports by product was taken from the reply to the *note verbale* of the Secretary-General of UNCTAD.[b]

4. The estimates thus obtained are subject to a margin of error because the actual extent of each beneficiary's utilization of the scheme was in some instances not strictly proportional to its annual share in total eligible imports. For six out of the 57 agricultural products covered by the scheme, statistical omissions on the computer tape caused the estimates of imports which received preferential treatment to exceed the value of eligible imports as derived from the tape. For 16 other products there were either no imports at all from developing countries or no imports reported as having received preferential treatment.

B. Industrial products and raw materials falling within CCCN chapters 25-99

5. Since, in contrast to agricultural products, preferential imports of industrial products are subject to *a priori* limitations, it was necessary, with respect to these products, to use a different methodology, which was based on:

(*a*) The computer tape, which recorded total, dutiable and GSP-eligible imports of individual products from individual developing countries in both value and quantity;

(*b*) The composition of each product group and the ceiling quota levels as set out in the scheme for 1972; [c]

(*c*) The reply to the *note verbale* of the Secretary-General of UNCTAD; and

(*d*) Information on the operation of the scheme for 1972, in particular that published on the application of the ceilings and/or maximum amounts. [d]

6. For each product group the analysis was carried out in two stages. First, ceiling and maximum amount levels were noted (and converted into dollars when in quantum terms). [e] Total imports from beneficiaries in each product group covered by the scheme were then recorded, indicating the values derived from the computer tape and those reported in the Japanese reply. The reply information on the value of imports which received preferences within each product group was integrated with the tape values of total imports, and both values were examined in relation to the ceiling quota in order to obtain the extent of utilization of the quota, including amounts imported in excess of the ceiling and which were therefore sterilized, i.e., did not receive preferential treatment. Separate calculations were made, whenever applicable, for those imports from Hong Kong which are subject to a special régime ("Hong Kong exceptions").

7. The second stage was to examine the imports from individual beneficiaries of the products falling within each product group. In the absence of data on preferential imports by beneficiary, two approaches (the "reply" approach and the "ceiling" approach) were used to estimate for each beneficiary the trade which actually received preferential treatment. For the ten product groups with zero ceilings in the scheme for 1972, preferential imports from individual beneficiaries were taken as nil (i.e., all imports were by definition assumed to be at MFN rates of duty).

1. The "reply" approach

8. Under this approach, for each of the 211 product groups, imports reported by Japan in its reply as having actually received preferential treatment were pro-rated among the actual beneficiaries. The total value of imports in the product group from each actual beneficiary was used to calculate its share in the total value of Japan's imports in that product group from all actual beneficiaries. These shares were then applied to total preferential imports. From the resulting estimates for each beneficiary of imports which received preferential treatment it was possible to estimate by subtraction the value of imports which were "sterilized", i.e., did not receive preferential treatment and were subject to MFN duties.

9. For the 13 product groups for which maximum country amounts were applied to certain beneficiaries in 1972, the procedure differed slightly, i.e., the imports from the beneficiary concerned which actually received preferential treatment were considered to be equal to the maximum amount, and the rest of its imports were considered as ster-

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[a] Reproduced in TD/B/C.5/30/Add.1, annex II.

[b] *Ibid.*

[c] TD/B/373/Add.7/Annex III/Amend.1.

[d] See TD/B/C.5/17/Add.4.

[e] The conversion was made by deriving a unit value for each product group from the value of imports covered by the scheme and the corresponding quantity. This unit value was then multiplied by the ceiling/maximum amount expressed in quantity terms, to obtain the dollar value. The analysis was, however, conducted in both value and quantity terms for product groups with ceilings/maximum amounts expressed in quantity terms.

ilized.[f] Pro-rating for the remaining beneficiaries was done on the basis of the participation of each in the total trade in the product group minus the total value of imports eligible for preferences from the country subject to the maximum amount limitation.[g]

10. This approach thus fits actual imports from individual beneficiaries into the data contained in the reply from Japan so as to estimate the distribution of preferential imports among beneficiaries (although errors due to the concentration of exports are possible, as explained in the next paragraph).

11. Since all the data supplied by Japan were for the fiscal year as a whole, it was necessary to use shares in trade for the year as a whole, and implicitly assume a smooth monthly flow of imports over the year, in order to estimate imports by country for each product. In fact, of course, the monthly pattern of shipments can vary greatly, depending on such factors as the mode of transport, the quantity shipped, the seasonal nature of supply, and the structure of demand. More important, it can also vary according to the degree of sophistication of the importers and/or exporters, in whose interest it would be to time shipments so as to maximize the probability of gaining preferential treatment before ceiling quotas or maximum country amounts are reached. The more experienced and larger developing country exporters would probably concentrate their trade early in the fiscal year in order to maximize these gains, whereas smaller, less experienced, exporters may be less able to do so, being anxious to seize every export opportunity. The effect of such divergent exporting behaviour could be that the annual trade shares used in this analysis underestimate for some beneficiaries, and overestimate for others, imports which actually received preferential treatment before ceilings were applied.

2. The "ceiling" approach

12. Under the "ceiling" approach, whenever total imports in a product group were equal to or greater than the ceiling, the amount of potentially preferential imports was assumed to equal the level of the ceiling. This amount was then allocated among the actual beneficiaries according to their respective percentage shares in total imports from all actual beneficiaries. These percentage shares were the same as for the "reply" approach discussed above. However, the amounts to which they were applied were greater, except for those product groups where preferential imports had in fact exceeded the ceilings (mainly groups subject to monthly control) before the MFN rate was reintroduced. In such cases the amount of preferential trade is slightly underestimated by the "ceiling" approach. For product groups where total imports from actual beneficiaries were below the ceilings, the imports from each beneficiary were assumed to have actually received preferential treatment to the extent that they did not exceed the maximum amount. This gives estimates of the value of imports that would have received preferential treatment, up to the limits of the ceiling or maximum amount, in the absence of administrative or other difficulties such as failure to comply with the rules of origin or to claim preferential treatment.

13. The deduction of the figures obtained by the "ceiling" approach from those obtained by the "reply" approach gives an estimate of the amounts by which each beneficiary failed to receive preferential treatment for these latter reasons.

C. Summation of agricultural and industrial imports

14. For each beneficiary the estimates for agricultural products in CCCN chapters 1-24 and industrial product groups in CCCN chapters 25-99 were summed, thus obtaining data on Japan's imports (total, dutiable, eligible for preferences and actually receiving preferences) from each beneficiary in fiscal year 1972.

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[f] Where two beneficiaries shared between them the whole of the trade in the product group, the one subject to the maximum amount was assigned more than the value of the maximum amount when the imports from the other were less than the total for the product group receiving preferential treatment minus the value of the maximum amount.

[g] Because of time-lags, imports actually receiving preferences from the country affected by the maximum amount limitation can in practice exceed the maximum amount where the product group is subject to monthly control (see text, para. 21).

ANNEX III

Description of products contained in product groups used for setting ceilings in the scheme of Japan for 1972

Product group (1)	*Tariff item No.* (2)	*Description of products* (3)
1	25.02	Unroasted iron pyrites
2	25.04-2	Natural graphite: other than of a kind of which 75 per cent or more by weight can pass through the sieve of 105 microns in mesh stipulated by a Cabinet order
3	ex chap. 25	Salt; sulphur; earths and stone; plastering materials, lime and cement except goods falling within item 1 or 2 (unroasted iron pyrites; natural graphite: crystalline, amorphous)
4	26.01-4	Manganese ore
5	26.01-6	Tungsten ore
6	26.01-6	Molybdenum ore
7	27.04	Coke and semi-coke of coal, of lignite or of peat
8	27.10-2	Preparation of petroleum oils or of oils obtained from bituminous minerals (except petroleum spirits, Kerasanes, gas oils, heavy fuel oils and raw oils, lubricating oils, liquid paraffin ...)
9	ex chap. 27	Mineral fuels, mineral oils and products of their distillation; bituminous substances, mineral waxes (except products within items 7 and 8)
10	28.42-1	Soda ash
11	ex chap. 28	Chemical elements except goods falling within item 10 (soda ash)
12	29.05-2(1)	Terpinol, menthol and borneol
13	29.16-1	
	(3)	Citric acid
	(4)	Calcium citrate
14	29.23-3	Sodium glutamate
15	29.42-3(2)	Nicotine sulphate
16	ex chap. 29	Organic chemicals (other than goods falling within items 12 to 15 inclusive)
17	chap. 30	Pharmaceutical products
18	chap. 32	Tanning and dyeing extracts; tannins and their derivatives; dyes, colours, paints and varnishes; putty, fillers and stoppings; inks
19	33.01-1(2)	Geranium oil, lavender oil, lemongrass oil, patchouli oil, vertiver oil and Ho oil
20	33.01-1(3)	Peppermint oil obtained from Mentha arvensis, containing more than 65 per cent by weight of total menthol by testing method under the provisions of para. 2, Article 30
21	33.01-1	Peppermint oil ... containing not more than 65 per cent by weight ...
22	ex 33.01	Essential oils (terpeneless or not); concretes and absolutes; resin oils (except goods falling within items 19 to 21 inclusive)
23	33.04	Mixtures of two or more odoriferous substances (natural or artificial) ... of a kind used as raw materials in the perfumery, food, drink or other industries
24	ex chap. 33	Essential oils and resinoids, perfumery, cosmetics and toilet preparations (except goods falling within items 19 to 23 inclusive)
25	34.01	Soap, organic surface active products and preparations for use as soap ...
26	ex chap. 34	Surface active agents, washing preparations, lubricating preparations ... candles ...
27	35.01	Casein, caseinates and other casein derivatives; casein glues
28	35.02	Albumino, albuminates, and other albumin derivatives
29	35.05	Dextrin and dextrin glues; soluble or roasted starches; starch glues
30	ex chap. 35	Albuminoidal substances; glues (other than goods ... within items 27 to 29 inclusive)
31	chap. 36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations
32	chap. 37	Photographic and cinematographic goods
33	38.11	Disinfectants, insecticides; fungicides, weed-killers; ... rat poisons, ... fly-papers
34	ex chap. 38	Miscellaneous chemical products (except goods ... item 33)
35	chap. 39	Artificial resins and plastic materials, cellulose esters and ethers; articles thereof
36	40.11-2	Pneumatic tyres and tyre cases ... for motor vehicles, for aircraft ... inner tubes for motor vehicles, for aircraft, ... tyres ...
37	ex chap. 40	Rubber, synthetic rubber, factice and articles thereof (except goods falling within item 36)
38	41.02	Bovine cattle leather ... and equine leather except leather falling within headings Nos. 41.06, 41.07 and 41.08
39	41.03-1	Sheep and lamb skin leather ... dyed, coloured, stamped or embossed
40	41.03-2	Sheep and lamb skin leather ... other
41	41.04-1	Goat and kid skin leather ... dyed, coloured, stamped or embossed
42	41.04-2	Goat and kid skin leather ... other
43	41.08	Patent leather and imitation patent leather; metallized leather
44	ex chap. 41	Raw hides and skins, leather, furskin ... articles of gut (other than silk-worm gut)
45	42.02	Travel goods ... of leather, of vulcanized fibre ...
46	42.05	Other articles of leather or of composition leather

Description of products contained in product groups used for setting ceilings in the scheme of Japan for 1972

Product group (1)	Tariff item No. (2)	Description of products (3)
47	ex chap. 42	Articles of leather ... articles of animal gut (except goods falling within items 45 and 46)
48	43.01-2	Raw furskins of minks, of rabbits, or of hares
49	43.02	Furskins, tanned or dressed ... including heads, paws, tails and the like
50	43.03	Articles of furskins
51	ex chap. 43	Furskin and artificial fur, manufactures thereof (except goods falling within items 48 to 50 inclusive)
52	44.02	Wood charcoal ... agglomerated or not
53	44.03-2	Wood in the rough of kiri (genus paulownia)
54	44.05-4	Wood sawn lengthwise, ... of lauan, kruing, mersawa and other Dipterocarpaceae family
55	44.11-2 44.28-2	Drawn bamboo Skewers of bamboo
56	44.14-2	Wood sawn lengthwise ... sheets for plywood
57	ex 44.14	Wood sawn lengthwise ... except goods falling within item 56 (sheets for plywood)
58	44.15	Plywood, blockboard ...
59	44.18	Reconstituted wood, being wood shavings, ...
60	ex chap. 44	Wood and articles of wood ... except goods falling within items 52 to 59 (wood charcoal, wood in the rough ...)
61	45.04	Agglomerated cork (... and articles of agglomerated cork)
62	ex chap. 45	Cork and articles of cork (except goods falling within item 61)
63	46.02-2(2)	Products of Igusa or of Shichitoi
64	46.03-2	Basketwork, wickerwork ... other
65	ex chap. 46	Manufactures of straw ... of plaiting materials except goods falling within item 63 or 64
66	47.01	Pulp derived by mechanical or chemical means from any fibrous vegetable material
67	48.09	Building board of wood pulp or of vegetable fibre ...
68	ex chap. 48	Paper and paperboard; articles of paper pulp, of paper or of paperboard (except goods falling within item 67)
69	chap. 49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans
70	50.01	Silk-worm cocoons suitable for reeling
71	50.04	Silk yarn ...
72	50.05	Yarn spun from silk ...
73	50.06	Yarn spun from noil silk ...
74	ex chap. 50	Silk and waste silk except goods falling within items 70 to 73 inclusive
75	51.04	Woven fabrics of man-made fibres ...
76	ex chap. 51	Man-made fibres (continuous) except goods falling within item 75 [woven fabrics of man-made fibres of monofil ...]
77	chap. 52	Metallized textiles
78	53.06	Yarn of carded sheep's or lambs' wool ...
79	53.07	Yarn of combed sheep's or lambs' wool ...
80	53.11	Woven fabrics of sheep's or lambs' wool or of fine animal hair
81	ex chap. 53	Wool and other animal hair (except goods falling within items 78 to 80 inclusive)
82	chap. 54	Flax and ramie
83	55.05-2(2)	Cotton yarn not put up for retail sale other than containing more than 10 per cent by weight of synthetic fibres or acetate fibres
84	55.09	Other woven fabrics of cotton
85	ex chap. 55	Cotton (other than goods falling within items 83 or 84)
86	56.07	Woven fabrics of man-made fibres (discontinuous or waste)
87	ex chap. 56	Man-made fibres (discontinued) except goods falling within item 86 [woven fabrics of man-made fibres]
88	57.06	Yarn of jute or of other textile bast fibres ...
89	57.10	Woven fabrics of jute or of other textile bast fibres ...
90	ex chap. 57	Other vegetable textile materials; papem yarn and woven fabrics of papem yarn
91	58.01	Carpets, carpeting and rugs knotted (made up or not)
92	58.02-1	Other carpets ... of coir
93	58.02-2	Other carpets ... of cotton; of wool ...
94	58.03	Tapestries, hand-made ... (petit point and cross stitch) made in panels and the like by hand ...
95	58.04 -1 -3 -4 -5	Woven pile fabrics and chenille fabrics ... With pile yarn of wood or fine animal hair With pile yarn of man-made fibres With pile yarn of silk Other
96	58.04-2	With pile yarn of cotton
97	58.05	Narrow woven fabrics, and narrow fabrics ... Of cotton Other
98	58.10	Embroidery in the piece, in strips or in motifs
99	ex chap. 58	Carpets, mats, matting and tapestries ... embroidery (except goods falling within items 91 to 98)
100	59.02	Felt and articles of felt ...
101	59.03	Bonded fibre fabrics, similar bonded yarn fabrics ... whether or not impregnated or coated
102	59.04	Twine, cordage, ropes and cables plaited or not

Description of products contained in product groups used for setting ceilings in the scheme of Japan for 1972

Product group (1)	Tariff item No. (2)	Description of products (3)
103	59.05	Nets and netting made of twine, cordage or rope, and made-up fishing nets of yarn, twine, cordage or rope
104	ex chap. 59	Wadding and felt; twine, cordage ... (except goods falling within items 100 to 103 inclusive)
105	60.01	Knitted or crocheted fabric, not elastic, nor rubberized
106	60.02	Gloves, mittens and mitts ...
107	60.03	Stockings, under stockings, socks, ... not elastic nor rubberized
108	60.04	Undergarments, knitted or crocheted, not elastic, nor rubberized
109	60.05	Outer garments, and other articles ... nor rubberized
110	60.06	Knitted or crocheted fabric and articles thereof, ...
111	61.01	Men's and boys' outer garments
112	61.02	Women's, girls' and infants' outer garments
113	61.03	Men's and boys' undergarments, including collars, shirt fronts and cuffs
114	61.04	Women's, girls' and infants' undergarments
115	61.05	Handkerchiefs
116	61.06	Shawls, scarves, mufflers, mantillas, veils and the like
117	61.07	Ties, bow ties and cravats
118	61.08	Collars, tuckers ... flounces ... for women's and girls' garments
	61.09	Corsets, ... braces
	61.10	Gloves, mittens ... stockings, socks ... not being knitted or crocheted goods
119	61.11	Made-up accessories for articles of apparel ...
120	62.01	Travelling rugs and blankets
121	62.02	Bed linen, table linen ...
122	62.03	Sacks and bags of a kind used for the packing of goods
123	ex chap. 62	Other made-up textile articles except goods falling within items 120 to 122 inclusive (travelling rugs and blankets; ...)
124	63.01	Clothing ... household linen and furnishing articles ...
125	64.02-2(2)	Footwear with outer soles of leather ... other
126	ex 64.02	Footwear with outer soles of leather except goods falling within item 125
127	ex chap. 64	Footwear, headgear, ... (except goods falling within items 125 or 126)
128	65.02	Hat shapes ... neither blocked to shape nor with made brims
129	ex chap. 65	Headgear and parts thereof except goods falling within item 128 (hat-shaped, plaited ...)
130	chap. 66	Umbrellas, sunshades, walking sticks, whips ...
131	67.02	Artificial flowers, foliage or fruit ...
132	67.04	Wigs, false beards ...
133	ex chap. 67	Prepared feathers and down and articles made of feathers ... except goods falling within item 131 or 132
134	chap. 68	Articles of stone, of plaster, of cement ...
135	chap. 69	Ceramic products
136	70.19	Glass beads, imitation pearls ... ornaments and other fancy articles of lamp-worked glass, ...
137	ex chap. 70	Glass and glassware except goods falling within item 136 (glass beads, imitation pearls, ...)
138	71.02-2(2)	Precious and semi-precious stones ... not mounted ... other
139	71.05-1	Silver ... unalloyed
140	71.16	Imitation jewellery
141	ex chap. 71	Pearls, precious and semi-precious ... imitation jewellery (except goods falling within items 138 to 140 inclusive)
142	72.01	Coins
143	73.02-2	Ferro-manganese
144	73.02-4	Ferro-nickel
145	ex 73.02	Ferro-alloys except goods falling within item 143 or 144 (ferro-manganese, ferro-nickel)
146	73.10	Bars and rods of iron or steel ...
147 148	deleted	
149	73.31	Nails, tacks, staples, hook nails ...
	73.32	Bolts and nuts ... rivets, cotters ...
	73.33	Needles for hand sewing ...
151	ex chap. 73	Iron and steel and articles thereof (except goods falling within items 143 to 146 inclusive and 149)
152	74.01-2(1)	Unwrought copper (other than matte, cement copper, and native copper) Containing not more than 99.8 per cent by weight of copper and used for smelting or refining
153	74.01-2(2)	Unalloyed, containing more that 95 per cent by weight of copper, other than blister copper, in bar, ...
154	74.01-3	Copper scrap
155	74.03-1	Bars, rods, ... and sections
	(1)	Unalloyed
	(2)	Of brass or bronze
156	74.03-2	Wire
	(1)	Unalloyed
	(2)	Of brass or bronze

Description of products contained in product groups used for setting ceilings in the scheme of Japan for 1972

Product group (1)	Tariff item No. (2)	Description of products (3)
157	74.04-2	Wrought plates ... of copper of brass or bronze
158	74.07-2	Tubes and pipes ... of brass or bronze
159	ex chap. 74	Copper and articles thereof except goods fallng within items 152 to 158 inclusive
160	75.01-2 (1)	Unwrought nickel Unalloyed
161	75.03-1(1)B	Foil ... not exceeding 0.15 mm of a thickness ... (1) Unalloyed (other than those intended for use in the manufacture of getters for vacuum tubes or alkaline accumulators)
162	75.05	Electro-plating anodes, of nickel ...
163	ex chap. 75	Nickel and articles thereof (except goods falling within items 160 to 162 inclusive)
164	76.01-1(1)	Unwrought aluminium Unalloyed
165	76.01-1(2)	Unwrought aluminium Alloyed
166	76.01-2	Waste and scrap
167	ex chap. 76	Aluminium and articles thereof (except goods falling within items 164 to 166 inclusive)
168	chap. 77	Magnesium and beryllium and articles thereof
169	78.01-1(1)B	Unwrought lead unalloyed other than those containing more than 95 per cent but not more than 99.8 per cent by weight of lead and used for electrolytic refining
170	ex chap. 78	Lead and articles thereof (except goods falling within item 169)
171	chap. 79	Zinc and articles thereof
172	80.02	Wrought bars, rods ... of tin, tin wire
173	ex chap. 80	Tin and articles thereof (except goods falling within item 172)
174	chap. 81	Other base metals employed in metallurgy and articles thereof
175	82.08 to 82.15	Coffee mills, ... mechanical appliances; Knives ... Knives' blades Razor and razor blades ... Scissors Other articles of cutlery ... Spoons, forks ... Handles of base metals ...
176	ex chap. 82	Tools, implements, ... parts thereof (except goods falling within item 175)
177	83.09	Clasps, frames ... tubular rivets and bifurcated rivets, of base metal
178	ex chap. 83	Miscellaneous articles of base metal except goods falling within item 177 (clasps, frames)
179	deleted	
180	84.52-1	Electronic digital calculating machines
181	84.55	Parts and accessories ...
182	ex chap. 84	Boilers, machinery and mechanical appliances, parts thereof (except goods falling within items 180 to 181 inclusive)
183	85.03	Primary cells and primary batteries
184	85.10	Portable electric ... lamps
185	85.15	Radio telegraphic and radio telephonic ... apparatus ...
186	ex 85.18	Non-electric power condensers (excluding parts)
187	85.19-2	Fixed or variable resistors and parts thereof; switchboards or parts of control panels
188	85.20-1	Filament lamps
189	ex 85.21-2	Integrated circuits
190	ex 85.21-2	Diodes, transistors and similar semi-conductor devices ...
191	85.23	Insulated ... cable, bars ... whether or not fitted with connectors
192	ex chap. 85	Electrical machinery and equipment; parts thereof (except goods falling within items 183 to 191)
193	chap. 86	Railway and tramway locomotives ... traffic signalling equipment of all kinds (not electrically powered)
194	chap. 87	Vehicles, other than railway ... and parts thereof
195	chap. 88	Aircraft and parts thereof, ... ground flying trainers
196	chap. 89	Ships, boats and floating structures
197	90.04 to 90.06	Spectacles ...; refracting telescopes ...; astronomical instruments ...;
198	deleted	
199	chap. 90	Optical, photographic, cinematographic ... instruments and apparatus; parts thereof
200	chap. 91	Clocks and watches and parts thereof
201	92.02	Other string musical instruments
202	ex chap. 92	Musical instruments ... parts and accessories of such articles (except goods falling within item 201)
203	chap. 93	Arms and ammunition; parts thereof
204	chap. 94	Furniture and parts thereof ... cushions and similar stuffed furnishing
205	chap. 95	Articles and manufactures of carving or moulding material
206	96.04	Feather dusters

Description of products contained in product groups used for setting ceilings in the scheme of Japan for 1972

Product group (1)	*Tariff item No.* (2)	*Description of products* (3)
207	ex chap. 96	Brooms, brushes, powder-puffs and sieves
208	97.02	Dolls
209	97.03	Other toys; working models of a kind used for recreational purposes
210	ex chap. 97	Toys, games and sports requisites; parts thereof (except goods falling within items 208 and 209)
211	chap. 98	Miscellaneous manufactured articles

ANNEX IV

Preferential imports in 1972: estimates for individual beneficiaries

(Thousands of dollars)

A. Actual beneficiaries

Beneficiary and CCCN chaps.	Total imports	Dutiable imports		Imports covered by scheme		Imports granted preferences: Ceiling approach		Imports granted preferences: Reply approach		Percentage shares					
		Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	(4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
(1)	(2)	(3)		(4)		(5)		(6)							
Republic of Korea															
01-24	116 271.6	104 332.5	104 332.5	12 389.4	12 342.5	—	—	11 020.9	11 004.5	11.9	—	—	10.6	89.1	—
25-99	411 648.4	345 694.1	342 497.0	199 121.7	188 160.0	135 162.9	131 578.8	54 969.2	56 996.9	56.3	38.8	68.9	16.3	28.9	41.9
01-99	527 920.0	450 026.6	446 829.5	211 511.1	200 502.5	135 162.9	131 578.8	65 990.1	68 001.4	45.9	29.7	64.7	14.9	32.5	50.2
Hong Kong															
01-24	22 279.1	19 301.6	19 301.6	568.0	567.7	—	—	339.5	339.4	2.9	—	—	1.8	59.8	—
25-99	120 572.3	99 695.8	99 694.9	48 794.0	46 281.4	36 928.3	36 110.0	13 195.9	13 286.4	47.7	36.6	76.8	13.2	27.8	36.3
01-99	142 851.4	118 997.4	118 996.5	49 362.0	46 849.1	36 928.3	36 110.0	13 535.4	13 625.8	40.4	30.7	75.9	11.4	28.2	37.2
Republic of South Viet-Nam															
01-24	6 048.8	5 671.0	5 671.0	11.8	11.8	—	—	9.2	9.2	0.2	—	—	0.2	78.0	—
25-99	10 928.8	1 268.6	1 268.6	1 268.6	1 229.0	781.8	780.5	518.3	519.5	98.4	61.6	62.6	40.9	41.6	66.4
01-99	16 977.6	6 939.6	6 939.6	1 280.4	1 240.8	781.8	780.5	527.5	528.7	18.2	11.3	62.0	76.2	41.9	67.6
Thailand															
01-24	118 377.2	53 136.5	53 136.5	854.0	854.0	—	—	727.1	727.1	1.6	—	—	1.4	85.1	—
25-99	136 155.3	29 669.4	29 663.6	28 538.3	27 121.4	14 293.4	14 114.2	7 869.6	7 874.8	93.8	47.9	51.0	26.5	28.3	55.4
01-99	254 532.5	82 805.9	82 800.1	29 392.3	27 975.4	14 293.4	14 114.2	8 596.7	8 601.9	34.6	17.2	49.5	10.4	30.0	60.5
Singapore															
01-24	5 090.0	4 389.4	4 389.4	1 352.8	1 352.8	—	—	1 326.6	1 326.6	30.8	—	—	30.2	98.1	—
25-99	147 764.4	118 609.0	97 272.5	29 599.6	21 465.9	21 850.9	16 865.7	7 518.1	7 863.7	23.7	17.9	75.8	7.1	30.1	39.7
01-99	152 854.4	122 998.4	101 661.9	30 952.4	22 818.7	21.850.9	16 865.7	8 844.7	9 190.3	23.9	17.2	72.0	8.0	33.5	46.6
Peninsular Malaysia															
01-24	18 242.2	18 082.3	18 082.3	1 971.8	1 971.8	—	—	1 798.4	1 798.4	10.9	—	—	9.9	91.2	—
25-99	163 824.7	10 774.3	10 773.8	9 989.8	9 271.2	6 986.8	6 683.1	4 815.1	4 766.7	89.4	63.4	71.0	44.5	49.8	70.1
01-99	182 066.9	28 856.6	28 856.1	11 961.6	11 243.0	6 986.8	6 683.1	6 613.5	6 565.1	40.2	23.7	58.9	22.8	56.8	96.4
Sarawak, Malaysia															
01-24	4 932.0	1 330.6	1 330.6	—	—	—	—	—	—	—	—	—	—	—	—
25-99	44 533.5	1 680.0	1 680.0	589.9	589.9	199.2	209.1	191.2	201.2	35.1	12.2	34.6	11.7	33.3	96.1
01-99	49 465.5	3 010.6	3 010.6	589.9	589.9	199.2	209.1	191.2	201.2	19.6	6.8	34.6	6.5	33.3	96.1
Sabah, Malaysia															
01-24	7 412.2	7 057.0	7 057.0	3 513.5	3 513.5	—	—	3 379.2	3 379.2	49.8	—	—	47.9	96.2	—
25-99	187 116.7	567.4	567.4	560.6	560.6	211.0	277.9	218.0	285.1	98.8	43.1	43.6	44.3	44.9	102.9
01-99	194 528.9	7 624.4	7 624.4	4 074.1	4 074.1	211.0	277.9	3 597.2	3 664.3	53.4	3.2	6.0	47.6	89.1	485.4
Philippines															
01-24	89 236.3	76 077.0	76 077.0	1 168.2	1 168.2	—	—	935.1	935.1	1.5	—	—	1.2	80.0	—
25-99	429 299.6	16 335.7	15 869.9	14 488.7	13 050.6	7 189.4	6 724.7	6 976.5	7 228.9	85.5	43.2	50.5	44.1	51.6	102.0
01-99	518 535.9	92 412.7	91 946.9	15 656.9	14 218.8	7 189.4	6 724.7	7 911.6	8 164.0	16.2	7.5	46.6	8.7	53.8	115.5

Preferential imports in 1972: estimates for individual beneficiaries

(Thousands of dollars)

A. Actual beneficiaries

Beneficiary and CCCN chaps. (1)	Total imports (2)	Dutiable imports (3) Over-estimate	Dutiable imports (3) Under-estimate	Imports covered by scheme (4) Over-estimate	Imports covered by scheme (4) Under-estimate	Imports granted preferences: Ceiling approach (5) Over-estimate	Imports granted preferences: Ceiling approach (5) Under-estimate	Imports granted preferences: Reply approach (6) Over-estimate	Imports granted preferences: Reply approach (6) Under-estimate	Percentage shares (4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
Indonesia															
01-24	79 793.5	64 010.8	64 010.8	7 852.5	7 852.5	—	—	7 576.1	7 576.1	12.3	—	—	11.8	96.5	—
25-99	1 375 871.2	970 152.5	866 705.9	110 488.7	5 644.6	108 440.6	4 293.5	2 811.4	2 508.0	6.3	6.1	97.1	0.3	4.6	4.7
01-99	1 455 664.7	1 034 163.3	930 716.7	118 341.2	13 497.1	108 440.9	4 293.5	10 387.5	10 084.1	6.7	5.7	85.5	1.0	15.5	18.2
Laos															
01-24	4.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	35.9	0.4	0.4	0.4	0.4	—	—	—	—	100.0	9.2	9.2	10.2	10.2	110.8
01-99	40.1	0.4	0.4	0.4	0.4	—	—	—	—	100.0	9.2	9.2	10.2	10.2	110.8
Burma															
01-24	6 707.6	5 803.0	5 803.0	2.8	2.8	—	—	2.5	2.5	—	—	—	—	89.3	—
25-99	23 024.2	12 852.3	12 852.3	12 211.7	12 198.9	3 338.5	3 329.6	3 223.4	3 222.9	95.0	25.9	27.3	25.1	26.4	96.7
01-99	29 731.8	18 655.3	18 655.3	12 214.5	12 201.7	3 338.5	3 329.6	3 225.9	3 225.4	65.4	17.9	27.3	17.3	26.4	96.7
India															
01-24	84 093.1	55 441.2	55 441.2	277.0	252.9	—	—	192.3	183.9	0.5	—	—	0.3	71.0	—
25-99	338 387.8	61 437.8	61 429.1	61 075.2	52 060.5	39 095.3	32 332.4	22 619.1	23 464.4	92.1	58.1	63.1	37.5	40.7	36.0
01-99	422 480.9	116 879.0	116 870.3	61 352.2	52 313.4	39 095.3	32 332.4	22 811.4	23 648.3	48.6	30.6	62.8	19.9	40.9	65.0
Pakistan															
01-24	15 820.0	11 741.0	11 741.0	51.3	51.3	—	—	41.6	41.6	0.4	—	—	0.4	81.1	—
25-99	111 566.7	54 455.2	54 455.2	51 823.7	40 932.1	48 088.7	40 546.2	14 156.0	13 748.2	85.2	81.4	95.6	25.6	30.1	31.5
01-99	127 386.7	66 196.2	66 196.2	51 875.0	40 983.4	48 088.7	40 546.2	14 197.6	13 789.8	70.1	66.9	95.5	21.1	30.1	31.5
Sri Lanka															
01-24	5 809.6	5 397.4	5 397.4	27.8	27.8	—	—	25.1	25.1	0.5	—	—	0.5	90.3	—
25-99	19 449.1	15 153.9	15 152.2	12 848.2	12 549.1	3 331.2	3 331.3	3 242.1	3 242.2	83.8	22.0	26.2	21.4	25.5	97.3
01-99	25 258.7	20 551.3	20 549.6	12 876.0	12 576.9	3 331.2	3 331.3	3 267.2	3 267.3	61.9	16.2	26.2	15.9	25.7	98.1
Maldives															
01-24	16.0	16.0	16.0	—	—	—	—	—	—	—	—	—	—	—	—
25-99	4.2	4.2	4.2	4.2	4.2	1.1	1.1	1.1	1.1	100.0	25.9	25.9	25.7	25.7	99.2
01-99	20.2	20.2	20.2	4.2	4.2	1.1	1.1	1.1	1.1	20.8	5.4	25.9	5.4	25.7	99.2
Afghanistan															
01-24	128.2	1.9	1.9	—	—	—	—	—	—	—	—	—	—	—	—
25-99	123.8	98.7	98.7	97.9	97.9	64.8	64.8	28.3	28.3	99.1	65.6	66.1	28.7	28.9	43.7
01-99	252.0	100.6	100.6	97.9	97.9	64.8	64.8	28.3	28.3	97.3	64.3	66.1	28.1	28.9	43.7
Nepal															
01-24	1 371.7	68.2	68.2	46.4	46.4	—	—	42.9	42.9	68.0	—	—	62.9	92.5	—
25-99	276.8	67.2	67.2	66.7	66.2	45.8	45.5	48.3	48.1	98.9	68.0	68.7	71.6	72.5	105.9
01-99	1 648.5	135.4	135.4	113.1	112.6	45.8	45.5	91.2	91.0	83.3	33.7	40.5	67.4	80.5	200.0

Lebanon															
01-24	1 453.0	2.0	2.0	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1 271.5	298.7	298.7	298.7	97.7	47.1	22.3	60.6	61.0	66.4	11.6	17.5	20.4	30.8	174.2
01-99	2 724.5	300.7	300.7	298.7	97.7	47.1	22.3	60.6	61.0	65.9	11.5	17.5	20.3	30.8	174.2
United Arab Emirates															
01-24	32.8	32.8	32.8	—	—	—	—	—	—	—	—	—	—	—	—
25-99	234 228.5	233 986.4	233 986.4	19.6	0.4	2.8	0.4	4.0	4.2	—	—	16.0	—	4.1	256.3
01-99	234 261.3	234 019.2	234 019.2	19.6	0.4	2.8	0.4	4.0	4.2	—	—	16.0	—	4.1	256.3
Azores															
01-24	3.0	3.0	3.0	—	—	—	—	—	—	—	—	—	—	—	—
25-99	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	3.0	3.0	3.0	—	—	—	—	—	—	—	—	—	—	—	—
Portugal															
01-24	6 333.8	6 167.7	6 167.7	208.4	208.4	—	—	199.9	199.9	3.4	—	—	3.2	95.9	—
25-99	11 112.6	6 355.4	6 355.1	6 194.5	5 804.1	5 199.5	4 857.5	2 835.6	2 737.5	94.4	79.1	83.8	43.9	46.5	55.4
01-99	17 446.4	12 523.1	12 522.8	6 402.9	6 012.5	5 199.5	4 857.5	3 035.5	2 937.4	49.6	40.2	81.0	23.9	48.1	59.4
Spain															
01-24	30 935.5	29 505.0	29 505.9	970.6	967.1	—	—	836.4	835.2	3.3	—	—	2.8	86.3	—
25-99	19 751.4	16 960.8	16 958.8	15 845.2	12 096.4	13 747.6	10 365.6	8 561.8	6 918.5	82.4	71.1	86.3	45.6	55.4	64.2
01-99	50 686.9	46 465.8	46 463.8	16 815.8	13 063.5	13 747.6	10 365.6	9 398.2	7 753.7	32.2	25.9	80.7	18.5	57.4	71.1
Malta															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	42.3	11.3	11.3	11.3	11.3	5.9	5.9	4.7	4.7	100.0	51.7	51.7	41.2	41.2	79.6
01-99	42.3	11.3	11.3	11.3	11.3	5.9	5.9	4.7	4.7	100.0	51.7	51.7	41.2	41.2	79.6
Yugoslavia															
01-24	1 950.8	1 950.8	1 950.8	7.6	7.6	—	—	12.5	12.5	0.4	—	—	0.6	164.5	—
25-99	9 457.1	8 884.6	8 884.6	8 768.2	8 230.9	5 918.4	5 740.8	5 805.1	5 909.2	95.7	65.6	68.6	65.9	68.9	100.5
01-99	11 407.9	10 835.4	10 835.4	8 775.8	8 238.5	5 918.4	5 740.8	5 817.6	5 921.7	78.5	53.8	68.5	54.1	69.0	100.7
Greece															
01-24	16 479.9	16 332.5	16 332.5	32.1	32.1	—	—	28.6	28.6	0.2	—	—	0.2	89.1	—
25-99	4 642.5	1 625.9	1 625.4	1 440.0	1 433.5	364.1	359.9	309.3	308.4	88.4	22.3	25.2	19.0	21.5	85.4
01-99	21 122.4	17 958.4	17 957.9	1 472.1	1 465.6	364.1	359.9	337.9	337.0	8.2	2.0	24.6	1.9	22.9	93.1
Romania															
01-24	1 276.2	1 264.2	1 264.2	36.8	36.8	—	—	44.0	44.0	2.9	—	—	3.5	119.6	—
25-99	12 186.0	10 342.3	10 342.3	8 430.4	8 123.1	6 140.7	5 860.7	5 378.6	5 452.7	80.0	58.0	72.5	52.4	65.4	90.2
01-99	13 462.2	11 606.5	11 606.5	8 467.2	8 159.9	6 140.7	5 860.7	5 422.6	5 496.7	71.6	51.7	72.2	47.0	65.7	91.0
Iran															
01-24	13 248.5	4 483.5	4 483.5	20.0	20.0	—	—	12.8	12.8	0.4	—	—	0.3	64.0	—
25-99	1 509 945.5	1 496 520.8	1 496 518.5	327.9	327.9	157.4	157.7	136.9	139.6	—	—	48.1	—	42.2	87.8
01-99	1 523 194.0	1 501 004.3	1 501 002.0	347.9	347.9	157.4	157.7	149.7	152.4	—	—	45.3	—	43.4	95.9
Iraq															
01-24	473.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	4 538.2	4 488.1	4 488.1	63.3	63.3	2.6	2.6	10.0	10.0	1.4	0.1	4.1	0.2	15.9	386.5
01-99	5 011.8	4 488.1	4 488.1	63.3	63.3	2.6	2.6	10.0	10.0	1.4	0.1	4.1	0.2	15.9	386.5
Bahrain															
01-24	2 643.6	2 643.6	2 643.6	—	—	—	—	—	—	—	—	—	—	—	—
25-99	37 685.9	28 223.6	18 863.6	15 117.0	15 056.5	10 224.4	10 190.9	10 538.7	10 516.5	64.1	43.4	67.7	44.7	69.8	103.1
01-99	40 329.5	30 867.2	21 507.2	15 117.0	15 056.5	10 224.4	10 190.9	10 538.7	10 516.5	57.6	39.0	67.7	40.2	69.8	103.1

ANNEX IV (*continued*)

Preferential imports in 1972: estimates for individual beneficiaries

(*Thousands of dollars*)

A. Actual beneficiaries

Beneficiary and CCCN chaps. (1)	*Total imports* (2)	*Dutiable imports* (3) *Over-estimate*	*Dutiable imports* (3) *Under-estimate*	*Imports covered by scheme* (4) *Over-estimate*	*Imports covered by scheme* (4) *Under-estimate*	*Imports granted preferences: Ceiling approach* (5) *Over-estimate*	*Imports granted preferences: Ceiling approach* (5) *Under-estimate*	*Imports granted preferences: Reply approach* (6) *Over-estimate*	*Imports granted preferences: Reply approach* (6) *Under-estimate*	*Percentage shares* (4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
Saudi Arabia															
01-24	1 255.2	1 255.2	1 255.2	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1 205 023.2	961 949.3	718 069.1	1 017.8	1.0	999.4	1.0	7.2	4.4	0.1	0.1	98.2	—	1.1	1.2
01-99	1 206 278.4	963 204.5	719 324.3	1 017.8	1.0	999.4	1.0	7.2	4.4	0.1	0.1	98.2	—	1.1	1.2
Kuwait															
01-24	3 793.2	3 777.5	3 777.5	—	—	—	—	—	—	—	—	—	—	—	—
25-99	595 660.8	546 531.0	496 621.0	1 969.6	73.6	1 941.1	73.6	68.9	49.6	0.2	0.2	98.6	—	2.9	2.9
01-99	599 454.0	550 308.5	500 398.5	1 969.6	73.6	1 941.1	73.6	68.9	49.6	0.2	0.2	98.6	—	2.9	2.9
Yemen															
01-24	1 614.2	564.2	564.2	—	—	—	—	—	—	—	—	—	—	—	—
25-99	155.7	143.0	143.0	15.3	—	15.3	—	11.5	—	5.4	5.4	100.0	4.0	74.8	74.8
01-99	1 769.9	707.2	707.2	15.3	—	15.3	—	11.5	—	1.1	1.1	100.0	0.8	74.8	74.8
Israel															
01-24	1 265.2	1 262.0	1 262.0	39.0	39.0	—	—	25.8	25.8	3.1	—	—	2.0	66.2	—
25-99	66 836.4	61 180.6	61 180.6	61 155.2	60 994.1	19 576.3	19 464.9	15 591.0	15 564.1	99.8	31.9	32.0	25.5	25.5	79.8
01-99	68 101.6	62 442.6	62 442.6	61 194.2	61 033.1	19 576.3	19 464.9	15 616.8	15 589.9	97.9	31.3	31.9	24.9	25.5	79.8
Jordan															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	3 408.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	3 408.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Syrian Arab Republic															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	4 249.9	319.6	319.6	319.6	319.6	29.4	29.4	32.6	32.6	100.0	9.2	9.2	10.2	10.2	110.8
01-99	4 249.9	319.6	319.6	319.6	319.6	29.4	29.4	32.6	32.6	100.0	9.2	9.2	10.2	10.2	110.8
Bulgaria															
01-24	7 711.4	7 711.0	7 711.0	241.0	192.9	—	—	288.2	271.4	2.8	—	—	3.6	129.0	—
25-99	6 262.0	6 082.7	6 082.7	2 841.0	2 819.6	2 139.0	2 125.8	1 928.0	1 927.7	46.5	35.1	75.3	31.7	68.1	90.4
01-99	13 973.4	13 793.7	13 793.7	3 082.0	3 012.5	2 139.0	2 125.8	2 216.2	2 199.1	22.1	15.5	70.0	16.0	72.5	103.5
Cyprus															
01-24	39.2	39.2	39.2	—	—	—	—	—	—	—	—	—	—	—	—
25-99	99.2	20.2	20.2	20.2	20.2	7.5	7.5	6.6	7.0	100.0	36.9	36.9	33.7	33.7	91.3
01-99	138.4	59.4	59.4	20.2	20.2	7.5	7.5	6.6	7.0	34.0	12.6	36.9	11.5	33.7	91.3
Turkey															
01-24	9 988.0	9 375.0	9 375.0	10.7	10.7	—	—	8.1	8.1	0.1	—	—	0.1	75.7	—
25-99	9 795.8	2 744.9	2 744.9	2 743.5	2 740.1	546.6	549.4	494.0	497.9	99.9	20.0	20.0	18.1	18.1	90.5
01-99	19 783.8	12 119.9	12 119.9	2 754.2	2 750.8	546.6	549.4	502.1	506.0	22.7	4.5	19.9	4.2	18.3	92.0

Mexico															
01-24	44 420.2	34 636.5	34 636.5	342.3	342.3	—	—	252.7	252.7	1.0	—	—	0.7	73.8	—
25-99	155 822.8	29.566.7	29 566.7	29 561.0	24 316.0	16 849.6	15 681.0	12 015.5	12 337.0	91.1	55.0	60.4	41.1	45.2	74.9
01-99	200 243.0	64 203.2	64 203.2	29 903.3	24 658.3	16 849.6	15 681.0	12 268.2	12 589.7	42.5	25.3	59.6	19.4	45.6	76.4
Guatemala															
01-24	3 005.5	169.4	169.4	—	—	—	—	—	—	—	—	—	—	—	—
25-99	33 979.0	104.4	104.4	104.4	104.4	58.7	58.7	32.7	32.7	100.0	56.2	56.2	31.4	31.4	55.8
01-99	36 984.5	273.8	273.8	104.4	104.4	58.7	58.7	32.7	32.7	38.1	21.4	56.2	12.0	31.4	55.8
Honduras															
01-24	4 559.5	98.2	98.2	—	—	—	—	—	—	—	—	—	—	—	—
25-99	3 889.7	0.7	0.7	0.7	0.7	0.2	0.2	0.3	0.3	100.0	34.9	34.9	46.8	46.8	134.4
01-99	8 449.2	98.9	98.9	0.7	0.7	0.2	0.2	0.3	0.3	0.7	0.3	34.9	0.3	46.8	134.4
British Honduras															
01-24	50.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	111.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	161.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
El Salvador															
01-24	4 771.5	3 887.5	3 887.5	—	—	—	—	—	—	—	—	—	—	—	—
25-99	38 385.4	115.4	115.4	115.4	115.4	115.4	115.4	0.9	0.9	100.0	100.0	100.0	0.8	0.8	0.8
01-99	43 156.9	4 002.9	4 002.9	115.4	115.4	115.4	115.4	0.9	0.9	2.9	2.9	100.0	—	0.8	0.8
Nicaragua															
01-24	451.1	63.0	63.0	—	—	—	—	—	—	—	—	—	—	—	—
25-99	47 092.1	24.9	24.9	24.9	4.5	6.3	3.7	6.9	7.3	59.0	20.1	34.0	28.5	48.3	142.0
01-99	47 543.2	88.5	88.5	24.9	4.5	6.3	3.7	6.9	7.3	16.6	5.6	34.0	8.0	48.3	142.0
Costa Rica															
01-24	7 058.0	4 451.8	4 451.8	—	—	—	—	—	—	—	—	—	—	—	—
25-99	104.7	0.6	0.6	0.6	0.6	0.3	0.5	0.3	0.6	100.0	66.6	66.6	68.0	68.0	102.1
01-99	7 162.7	4 452.4	4 452.4	0.6	0.6	0.3	0.5	0.3	0.6	—	—	66.6	—	68.0	102.1
Panama															
01-24	1 814.7	1 473.3	1 473.3	—	—	—	—	—	—	—	—	—	—	—	—
25-99	2 014.1	554.1	552.7	552.4	254.7	193.9	157.1	162.3	177.1	72.9	31.7	43.5	30.7	42.2	96.6
01-99	3 828.8	2 027.4	2 026.0	552.4	254.7	193.9	157.1	162.3	177.1	19.9	8.7	43.5	8.4	42.2	96.6
Jamaica															
01-24	2 088.7	0.7	0.7	—	—	—	—	—	—	—	—	—	—	—	—
25-99	201.4	19.4	19.4	19.4	19.4	19.0	19.0	17.4	17.4	100.0	98.2	98.2	89.8	89.8	91.5
01-99	2 290.1	20.1	20.1	19.4	19.4	19.0	19.0	17.4	17.4	96.5	94.7	98.2	86.7	89.8	91.5
Barbados															
01-24	7.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	30.2	2.1	2.1	2.1	2.1	2.1	2.1	1.2	1.5	100.0	100.0	100.0	61.6	61.6	61.6
01-99	37.5	2.1	2.1	2.1	2.1	2.1	2.1	1.2	1.5	100.0	100.0	100.0	61.6	61.6	61.6
Trinidad and Tobago															
01-24	653.7	641.6	641.6	2.2	2.2	—	—	2.2	2.2	0.3	—	—	0.3	100.0	—
25-99	1 427.6	10.2	10.2	—	—	—	—	—	—	—	—	—	—	—	—
01-99	2 081.3	651.8	651.8	2.2	2.2	—	—	2.2	2.2	0.3	—	—	0.3	100.0	—
Cuba															
01-24	153 142.4	149 752.1	149 752.1	—	—	—	—	—	—	—	—	—	—	—	—
25-99	459.6	4.7	4.7	4.7	4.7	3.8	3.8	2.8	2.8	100.0	80.5	80.5	60.2	60.2	74.8
01-99	153 602.0	149 756.8	149 756.8	4.7	4.7	3.8	3.8	2.8	2.8	—	—	80.5	—	60.2	74.8

ANNEX IV (*continued*)

Preferential imports in 1972: estimates for individual beneficiaries

(*Thousands of dollars*)

A. Actual beneficiaries

Beneficiary and CCCN chaps. (1)	Total imports (2)	Dutiable imports (3) Over-estimate	Dutiable imports (3) Under-estimate	Imports covered by scheme (4) Over-estimate	Imports covered by scheme (4) Under-estimate	Imports granted preferences: Ceiling approach (5) Over-estimate	Imports granted preferences: Ceiling approach (5) Under-estimate	Imports granted preferences: Reply approach (6) Over-estimate	Imports granted preferences: Reply approach (6) Under-estimate	Percentage shares (4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
Haiti															
01-24	168.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	75.9	63.5	63.5	63.5	63.5	68.6	68.6	20.0	20.0	100.0	108.0	108.0	31.5	31.5	29.2
01-99	244.7	63.5	63.5	63.5	63.5	68.6	68.6	20.0	20.0	100.0	108.0	108.0	31.5	31.5	29.2
Dominica (British)															
01-24	30 773.3	30 773.3	30 773.3	—	—	—	—	—	—	—	—	—	—	—	—
25-99	767.6	202.0	202.0	202.0	201.3	202.0	201.3	140.8	140.6	99.8	99.8	100.0	69.7	69.8	69.8
01-99	31 540.9	30 975.3	30 975.3	202.0	201.3	202.0	201.3	140.8	140.6	0.7	0.7	100.0	0.5	69.8	69.8
Colombia															
01-24	18 356.6	7 687.1	7 687.1	17.8	17.8	—	—	16.0	16.0	0.2	—	—	0.2	89.9	—
25-99	26 461.2	25 237.7	25 237.7	25 237.7	25 237.7	7 109.4	7 109.4	6 509.6	6 751.5	100.0	28.2	28.2	26.3	26.3	93.3
01-99	44 817.8	32 924.8	32 924.8	25 255.5	25 255.5	7 109.4	7 109.4	6 525.6	6 767.5	76.7	21.6	28.1	20.2	26.3	93.5
Guyana															
01-24	2 919.2	2 918.4	2 918.4	—	—	—	—	—	—	—	—	—	—	—	—
25-99	8 168.3	0.9	0.9	0.9	0.9	0.9	0.9	0.7	0.7	100.0	100.0	100.0	80.5	80.5	80.5
01-99	11 087.5	2 919.3	2 919.3	0.9	0.9	0.9	0.9	0.7	0.7	—	—	100.0	—	80.5	80.5
Ecuador															
01-24	64 008.9	60 904.9	60 904.9	308.9	308.9	—	—	302.3	302.3	0.5	—	—	0.5	97.9	—
25-99	793.6	147.2	147.2	147.2	118.2	171.0	160.5	164.6	154.1	90.2	112.6	124.9	108.2	120.0	96.1
01-99	64 802.5	61 052.1	61 052.1	456.1	427.1	171.0	160.5	466.9	456.4	0.7	0.3	37.5	0.8	104.5	278.5
Peru															
01-24	5 263.0	358.3	358.3	12.2	12.2	—	—	10.7	10.7	3.4	—	—	3.0	87.7	—
25-99	190 607.4	37 614.4	37 613.8	37 613.8	14 090.8	8 419.8	8 386.7	8 892.3	8 909.9	68.7	22.3	32.5	23.7	34.4	105.9
01-99	195 870.4	37 972.7	37 972.1	37 626.0	14 103.0	8 419.8	8 386.7	8 903.0	8 920.6	68.1	22.1	32.5	23.5	34.4	99.8
Bolivia															
01-24	55.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	19 408.4	153.6	153.6	153.6	15.1	14.3	14.3	1.3	7.5	54.9	9.3	17.0	2.9	5.2	30.9
01-99	19 464.1	153.6	153.6	153.6	15.1	14.3	14.3	1.3	7.5	54.9	9.3	17.0	2.9	5.2	30.9
Chile															
01-24	1 457.8	83.1	83.1	61.2	61.2	—	—	66.5	66.5	73.6	—	—	80.0	108.7	—
25-99	186 905.6	51 119.0	51 119.0	51 119.0	4 493.5	2 815.9	2 879.3	2 923.3	3 239.8	54.4	5.6	10.2	6.0	11.1	108.2
01-99	188 363.4	51 202.1	51 202.1	51 180.2	4 554.7	2 815.9	2 879.3	2 989.8	3 306.3	54.4	5.6	10.2	6.1	11.3	108.2
Brazil															
01-24	67 745.7	28 920.6	28 920.6	2 455.7	2 455.7	—	—	2 422.4	2 422.4	8.5	—	—	8.4	98.6	—
25-99	197 647.8	38 542.7	36 203.7	29 222.7	22 371.9	18 797.0	13 579.8	9 347.4	8 969.5	69.0	43.3	62.8	24.5	35.5	56.6
01-99	265 393.5	67 463.3	65 124.3	31 678.4	24 827.6	18 797.0	13 579.8	11 769.8	11 391.9	42.6	24.4	57.3	17.5	41.0	71.5

Paraguay															
01-24	700.8	3.4	3.4	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1 101.1	952.4	952.4	952.4	952.4	125.9	125.9	79.4	104.7	100.0	13.2	13.2	9.7	9.7	73.1
01-99	1 801.9	955.8	955.8	952.4	952.4	125.9	125.9	79.4	104.7	99.6	13.2	13.2	9.6	9.7	73.1
Uruguay															
01-24	321.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	5 557.7	14.0	14.0	10.0	10.0	10.0	10.0	3.4	3.4	71.3	71.3	100.0	24.4	34.2	34.2
01-99	5 878.8	14.0	14.0	10.0	10.0	10.0	10.0	3.4	3.4	71.3	71.3	100.0	24.4	34.2	34.2
Argentina															
01-24	57 432.2	9 525.1	9 525.1	352.5	352.5	—	—	354.8	354.8	3.7	—	—	3.7	100.7	—
25-99	18 565.5	3 812.5	3 812.5	3 811.1	3 805.1	3 541.1	3 536.1	2 445.6	2 818.3	99.9	92.8	92.9	69.0	69.1	74.4
01-99	75 997.7	13 337.6	13 337.6	4 163.6	4 157.6	3 541.1	3 536.1	2 800.4	3 173.1	31.2	26.5	85.1	22.4	71.8	84.4
Algeria															
01-24	127.7	127.7	127.7	38.2	38.2	—	—	77.2	77.2	29.9	—	—	60.5	202.1	—
25-99	1 711.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	1 839.5	127.7	127.7	38.2	38.2	—	—	77.2	77.2	29.9	—	—	60.5	202.1	—
Tunisia															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	91.0	91.0	91.0	91.0	91.0	91.0	91.0	84.3	84.3	100.0	100.0	100.0	92.6	92.6	92.6
01-99	91.0	91.0	91.0	91.0	91.0	91.0	91.0	84.3	84.3	100.0	100.0	100.0	92.6	92.6	92.6
Libyan Arab Republic															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	8 102.3	8 094.3	8 094.3	2.2	2.2	2.2	2.2	0.9	0.9	—	—	100.0	—	43.2	43.2
01-99	8 102.3	8 094.3	8 094.3	2.2	2.2	2.2	2.2	0.9	0.9	—	—	100.0	—	43.2	43.2
Egypt															
01-24	19.1	3.0	3.0	—	—	—	—	—	—	—	—	—	—	—	—
25-99	34 589.6	348.7	348.7	348.7	138.2	300.2	114.1	256.5	182.5	69.8	59.4	85.1	63.0	90.2	106.3
01-99	34 608.7	351.7	351.7	348.7	138.2	300.2	114.1	256.5	182.5	69.2	58.9	85.1	62.5	90.2	106.3
Sudan															
01-24	12 865.8	10.9	10.9	—	—	—	—	—	—	—	—	—	—	—	—
25-99	18 265.0	734.7	734.7	129.6	70.6	117.5	70.6	42.1	47.7	13.6	12.8	94.0	6.1	4.5	47.4
01-99	31 130.8	745.6	745.6	129.6	70.6	117.5	70.6	42.1	47.7	13.4	12.6	94.0	6.0	4.5	47.4
Mauritania															
01-24	314.8	311.6	311.6	—	—	—	—	—	—	—	—	—	—	—	—
25-99	17 440.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	17 755.1	311.6	311.6	—	—	—	—	—	—	—	—	—	—	—	—
Senegal															
01-24	372.3	165.7	165.7	—	—	—	—	—	—	—	—	—	—	—	—
25-99	2 610.2	0.3	0.3	—	—	—	—	—	—	—	—	—	—	—	—
01-99	2 982.5	166.0	166.0	—	—	—	—	—	—	—	—	—	—	—	—
Gambia															
01-24	29.6	28.4	28.4	—	—	—	—	—	—	—	—	—	—	—	—
25-99	12.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	41.8	28.4	28.4	—	—	—	—	—	—	—	—	—	—	—	—
Ivory Coast															
01-24	10 909.4	1 587.6	1 587.6	369.1	369.1	—	—	386.1	386.1	23.2	—	—	24.3	104.6	—
25-99	3 302.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	14 211.5	1 587.6	1 587.6	369.1	369.1	—	—	386.1	386.1	23.2	—	—	24.3	104.6	—

Preferential imports in 1972: estimates for individual beneficiaries

(*Thousands of dollars*)

A. Actual beneficiaries

Beneficiary and CCCN chaps. (1)	Total imports (2)	Dutiable imports (3)		Imports covered by scheme (4)		Imports granted preferences: Ceiling approach (5)		Imports granted preferences: Reply approach (6)		Percentage shares					
		Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	(4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
Ghana															
01-24	30 411.1	10 336.6	10 336.6	10 163.8	10 163.8	—	—	10 627.9	10 627.9	98.3	—	—	102.8	104.6	—
25-99	21 536.0	17 345.5	17 345.5	17 345.5	16 714.1	12 032.7	11 401.6	10 898.6	10 898.8	98.2	67.6	68.8	62.8	64.0	93.0
01-99	51 947.1	27 682.1	27 682.1	27 509.3	26 877.9	12 032.7	11 401.6	21 526.5	21 526.7	98.2	42.3	43.1	77.8	79.2	183.7
Togo															
01-24	118.7	13.7	13.7	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1 775.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	1 893.8	13.7	13.7	—	—	—	—	—	—	—	—	—	—	—	—
Dahomey															
01-24	1 384.8	818.5	818.5	—	—	—	—	—	—	—	—	—	—	—	—
25-99	274.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	1 659.3	818.5	818.5	—	—	—	—	—	—	—	—	—	—	—	—
Madeira															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	9.4	0.6	0.6	0.6	0.6	0.2	0.2	0.2	0.2	100.0	35.9	35.9	35.7	35.7	99.3
01-99	9.4	0.6	0.6	0.6	0.6	0.2	0.2	0.2	0.2	100.0	35.9	35.9	35.7	35.7	99.3
Rwanda															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	54.3	26.9	26.9	26.9	—	—	—	—	—	50.0	—	—	—	—	—
01-99	54.3	26.9	26.9	26.9	—	—	—	—	—	50.0	—	—	—	—	—
Cameroon, United Republic of															
01-24	7 144.2	4 319.1	4 319.1	1 679.0	1 679.0	—	—	1 754.2	1 754.2	38.9	—	—	40.6	104.5	—
25-99	3 603.5	2 936.0	2 936.0	2 936.0	2 936.0	1 991.3	1 991.3	2 050.3	2 050.3	100.0	67.8	67.8	69.8	69.8	103.0
01-99	10 747.7	7 255.1	7 255.1	4 615.0	4 615.0	1 991.3	1 991.3	3 804.5	3 804.5	63.6	27.4	43.1	52.4	82.4	191.1
Gabon															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	6 678.7	6 384.4	6 384.4	6 384.4	—	6 384.4	—	—	—	50.0	50.0	100.0	—	—	—
01-99	6 678.7	6 384.4	6 384.4	6 384.4	—	6 384.4	—	—	—	50.0	50.0	100.0	—	—	—
Congo															
01-24	709.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	4 520.2	997.7	997.7	634.5	75.8	51.1	26.3	20.5	20.5	35.6	3.9	10.9	2.1	5.8	52.9
01-99	5 230.1	997.7	997.7	634.5	75.8	51.1	26.3	20.5	20.5	35.6	3.9	10.9	2.1	5.8	52.9
Zaire															
01-24	4 066.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	31 810.3	9 949.1	9 949.1	9 949.1	0.3	12.2	0.3	0.1	0.1	50.0	0.1	0.1	—	—	1.5
01-99	35 876.4	9 949.1	9 949.1	9 949.1	0.3	12.2	0.3	0.1	0.1	50.0	0.1	0.1	—	—	1.5

Burundi																
01-24	....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	....	272.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	....	272.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Angola																
01-24	....	8 135.4	238.7	238.7	9.7	9.7	—	—	8.9	8.9	4.1	—	—	3.7	91.8	—
25-99	....	63 873.0	32 460.1	32 460.1	212.4	13.3	202.2	3.0	3.2	3.2	0.3	0.3	90.9	—	2.9	3.1
01-99	....	72 008.4	32 698.8	32 698.8	222.1	23.0	202.2	3.0	12.1	12.1	0.4	0.3	83.7	—	9.9	11.8
Ethiopia																
01-24	....	12 397.3	1 141.0	1 141.0	934.2	934.2	—	—	809.6	809.6	81.9	—	—	71.0	86.7	—
25-99	....	2 866.7	23.7	23.7	23.7	13.1	13.5	11.8	5.4	5.1	77.7	53.3	68.6	20.8	28.8	42.1
01-99	....	15 264.0	1 164.7	1 164.7	957.9	947.3	13.5	11.8	815.0	814.7	81.8	1.1	1.3	0.4	0.5	42.1
Somalia																
01-24	....	262.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	....	99.7	96.4	92.2	90.5	87.2	90.5	87.2	17.7	17.7	94.3	94.3	100.0	18.8	19.9	19.9
01-99	....	361.7	96.4	92.2	90.5	87.2	90.5	87.2	17.7	17.7	94.3	94.3	100.0	18.8	19.9	19.9
Kenya																
01-24	....	6 903.2	1 037.6	1 037.6	16.9	16.9	—	—	15.4	15.4	1.6	—	—	1.5	91.1	—
25-99	....	3 810.7	1 866.1	1 866.1	1 247.4	1 046.8	898.8	865.3	795.0	795.0	61.5	47.3	76.9	42.6	69.3	90.1
01-99	....	10 713.9	2 903.7	2 903.7	1 264.3	1 063.7	898.8	865.3	810.4	810.4	40.1	30.4	75.8	27.9	69.6	91.8
Uganda																
01-24	....	10 326.5	7.8	7.8	—	—	—	—	—	—	—	—	—	—	—	—
25-99	....	17 699.0	10 456.4	10 456.4	10 456.4	11.2	11.0	11.0	7.1	7.1	50.1	0.1	0.2	0.1	0.1	64.4
01-99	....	28 025.5	10 464.2	10 464.2	10 456.4	11.2	11.0	11.0	7.1	7.1	50.0	0.1	0.2	0.1	0.1	64.4
Tanzania, United Republic of																
01-24	....	7 112.5	699.5	699.5	270.6	270.6	—	—	249.8	249.8	38.7	—	—	35.7	92.3	—
25-99	....	7 005.6	1 163.6	1 163.6	1 163.6	1 050.4	371.1	371.1	312.7	313.5	95.1	31.9	33.5	26.9	28.3	84.4
01-99	....	14 118.1	1 863.1	1 863.1	1 434.2	1 321.0	371.1	371.1	562.5	563.3	73.9	19.9	26.9	30.2	40.9	151.7
Mozambique																
01-24	....	19 029.8	1 373.1	1 373.1	6.4	6.4	—	—	4.8	4.8	0.5	—	—	0.3	75.0	—
25-99	....	13 785.8	1 195.6	1 195.6	1 195.6	776.1	942.5	765.8	427.6	357.3	82.5	71.4	86.6	32.9	39.9	46.0
01-99	....	32 815.6	2 568.7	2 568.7	1 202.0	782.5	942.5	765.8	432.4	362.1	38.6	33.3	86.1	15.4	40.0	46.5
Madagascar																
01-24	....	9 281.3	7 753.0	7 753.0	334.5	334.5	—	—	278.8	278.8	4.3	—	—	3.6	83.3	—
25-99	....	1 590.4	226.1	226.1	226.1	78.9	70.6	70.6	26.6	26.6	67.4	31.2	46.3	11.8	17.5	37.7
01-99	....	10 871.7	7 979.1	7 979.1	560.6	413.4	70.6	70.6	305.4	305.4	6.1	0.9	14.5	3.8	62.7	432.3
Malawi																
01-24	....	512.5	273.3	273.3	—	—	—	—	—	—	—	—	—	—	—	—
25-99	....	51.2	28.2	28.2	28.2	2.2	10.8	2.2	8.5	2.9	53.9	22.9	42.6	20.2	38.0	87.7
01-99	....	563.7	301.5	301.5	28.2	2.2	10.8	2.2	8.5	2.9	5.0	2.1	42.6	1.9	38.0	87.7
Botswana																
01-24	....	29.9	0.7	0.7	—	—	—	—	—	—	—	—	—	—	—	—
25-99	....	66.3	66.3	66.3	66.3	66.3	38.3	38.3	18.4	19.7	100.0	57.7	57.7	28.7	28.7	49.7
01-99	....	96.2	67.0	67.0	66.3	66.3	38.3	38.3	18.4	19.7	99.0	57.1	57.7	28.4	28.7	49.7
Swaziland																
01-24	....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	....	32 102.3	2 316.4	2 316.4	2 316.4	2 316.4	2 316.4	2 316.4	2 145.5	2 145.5	100.0	100.0	100.0	92.6	92.6	92.6
01-99	....	32 102.3	2 316.4	2 316.4	2 316.4	2 316.4	2 316.4	2 316.4	2 145.5	2 145.5	100.0	100.0	100.0	92.6	92.6	92.6

ANNEX IV (*continued*)

Preferential imports in 1972: estimates for individual beneficiaries

(*Thousands of dollars*)

A. Actual beneficiaries

Beneficiary and CCCN chaps. (1)	Total imports (2)	Dutiable imports (3) Over-estimate	Dutiable imports (3) Under-estimate	Imports covered by scheme (4) Over-estimate	Imports covered by scheme (4) Under-estimate	Imports granted preferences: Ceiling approach (5) Over-estimate	Imports granted preferences: Ceiling approach (5) Under-estimate	Imports granted preferences: Reply approach (6) Over-estimate	Imports granted preferences: Reply approach (6) Under-estimate	Percentage shares (4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
Papua New Guinea															
01-24	6 585.2	1 466.2	1 466.2	292.2	292.2	—	—	114.9	114.9	19.9	—	—	7.8	39.3	—
25-99	10 263.8	547.5	543.2	543.2	543.2	530.9	530.9	179.4	179.4	99.6	97.3	97.7	32.9	33.0	33.8
01-99	16 849.0	2 013.7	2 009.4	835.4	835.4	530.9	530.9	294.3	294.3	41.5	26.4	63.6	14.6	35.2	55.4
Cook Islands															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	1.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fiji															
01-24	2 859.6	2 820.0	2 820.0	11.5	11.5	—	—	4.5	4.5	0.4	—	—	0.2	39.1	—
25-99	157.2	62.9	62.9	62.9	52.9	24.2	26.2	18.6	21.6	92.1	40.1	43.6	31.7	34.4	80.0
01-99	3 016.8	2 882.9	2 882.9	74.4	64.4	24.2	26.2	23.1	26.1	2.4	0.9	36.3	0.9	35.7	100.0
British Solomon Islands															
01-24	973.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	5 108.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	6 082.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tonga															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	1.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other															
01-24	221 582.8	211 759.1	211 759.1	12 808.2	12 797.2	—	—	11 377.3	11 373.5	6.0	—	—	5.4	88.9	—
25-99	298 199.1	217 119.3	210 744.4	175 323.9	155 994.8	120 461.0	109 660.7	50 148.9	48 113.7	77.4	53.8	69.5	22.9	29.7	42.7
01-99	519 781.9	428 878.4	422 503.5	188 132.1	168 792.0	120 461.0	109 660.7	61 526.2	59 487.2	41.9	27.0	64.5	14.2	33.9	52.6
TOTAL															
01-24	1 527 821.8	1 100 868.3	1 100 868.3	62 140.6	62 006.7	—	—	58 009.8	57 963.1	5.6	—	—	5.3	93.4	—
25-99	8 809 855.6	5 627 987.1	5 187 643.6	1 117 890.8	827 761.6	698 564.9	537 676.7	304 426.6	304 426.6	18.0	11.4	63.5	5.6	31.3	49.2
01-99	10 336 677.4	6 728 855.4	6 288 511.9	1 180 031.4	889 768.3	698 564.9	537 676.7	362 391.2	362 386.3	15.9	9.5	59.7	5.6	35.0	58.6

ANNEX IV

Preferential imports in 1972: estimates for individual beneficiaries

(Thousands of dollars)

B. Beneficiaries which did not comply with the notification requirements

Beneficiary and CCCN chaps. (1)	Total imports (2)	Dutiable imports (3)		Imports covered by scheme (4)		Imports granted preferences: Ceiling approach (5)		Imports granted preferences: Reply approach (6)		Percentage shares					
		Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	(4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
Brunei															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	130 348.5	125 021.2	125 021.2	2.2	2.2	—	—	—	—	—	—	—	—	—	—
01-99	130 348.5	125 021.2	125 021.2	2.2	2.2	—	—	—	—	—	—	—	—	—	—
Khmer Republic															
01-24	1 556.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	261.4	142.4	142.4	142.4	142.4	—	—	—	—	100.0	—	—	—	—	—
01-99	1 818.3	142.4	142.4	142.4	142.4	—	—	—	—	100.0	—	—	—	—	—
Democratic Yemen															
01-24	245.2	77.8	77.8	—	—	—	—	—	—	—	—	—	—	—	—
25-99	8 497.8	6 599.0	4 875.4	31.3	31.3	—	—	—	—	0.5	—	—	—	—	—
01-99	8 743.0	6 676.8	4 953.2	31.3	31.3	—	—	—	—	0.5	—	—	—	—	—
Qatar															
01-24	859.4	859.4	859.4	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1 447.4	1 071.6	1 071.6	—	—	—	—	—	—	—	—	—	—	—	—
01-99	2 306.8	1 931.0	1 931.0	—	—	—	—	—	—	—	—	—	—	—	—
Bermuda															
01-24	36.8	36.8	36.8	36.8	36.8	—	—	—	—	100.0	—	—	—	—	—
25-99	14.4	13.2	13.2	13.2	13.2	—	—	—	—	100.0	—	—	—	—	—
01-99	51.2	50.0	50.0	50.0	50.0	—	—	—	—	100.0	—	—	—	—	—
Bahamas															
01-24	198.3	132.7	132.7	—	—	—	—	—	—	—	—	—	—	—	—
25-99	6 278.9	6 229.3	6 229.3	6 229.3	6 229.3	—	—	—	—	100.0	—	—	—	—	—
01-99	6 477.2	6 362.0	6 362.0	6 229.3	6 229.3	—	—	—	—	97.9	—	—	—	—	—
Netherlands Antilles															
01-24	215.9	215.9	215.9	—	—	—	—	—	—	—	—	—	—	—	—
25-99	2 308.2	1 796.4	1 796.4	253.3	153.0	—	—	—	—	11.3	—	—	—	—	—
01-99	2 524.1	2 012.3	2 012.3	253.3	153.0	—	—	—	—	10.1	—	—	—	—	—
Cayman Islands															
01-24	2.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	2.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grenada															
01-24	5.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	0.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	5.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—

ANNEX IV (*continued*)

Preferential imports in 1972: estimates for individual beneficiaries

(*Thousands of dollars*)

B. Beneficiaries which did not comply with the notification requirements

Beneficiary and CCCN chaps. (1)	Total imports (2)	Dutiable imports (3)		Imports covered by scheme (4)		Imports granted preferences: Ceiling approach (5)		Imports granted preferences: Reply approach (6)		Percentage shares					
		Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	Over-estimate	Under-estimate	(4)/(3)	(5)/(3)	(5)/(4)	(6)/(3)	(6)/(4)	(6)/(5)
Venezuela															
01-24	4 326.8	3 041.5	3 041.5	—	—	—	—	—	—	—	—	—	—	—	—
25-99	25 211.1	25 010.5	24 664.1	671.8	325.3	—	—	—	—	2.0	—	—	—	—	—
01-99	29 537.9	28 052.0	27 705.6	671.8	325.3	—	—	—	—	1.8	—	—	—	—	—
Surinam															
01-24	23.1	23.1	23.1	—	—	—	—	—	—	—	—	—	—	—	—
25-99	3 834.7	2 290.7	2 290.7	2 290.7	2 290.7	—	—	—	—	100.0	—	—	—	—	—
01-99	3 857.8	2 313.8	2 313.8	2 290.7	2 290.7	—	—	—	—	99.0	—	—	—	—	—
Morocco															
01-24	1 367.5	937.7	937.7	369.6	369.6	—	—	—	—	39.4	—	—	—	—	—
25-99	11 330.6	1 244.4	1 244.4	1 244.4	1 241.5	—	—	—	—	99.9	—	—	—	—	—
01-99	12 698.1	2 182.1	2 182.1	1 614.0	1 611.1	—	—	—	—	73.9	—	—	—	—	—
Guinea															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	1.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	1.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sierra Leone															
01-24	19.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	11 753.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	11 772.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Liberia															
01-24	1 815.9	1 814.8	1 814.8	—	—	—	—	—	—	—	—	—	—	—	—
25-99	80 578.1	38 197.9	38 197.9	38 197.9	38 197.6	—	—	—	—	100.0	—	—	—	—	—
01-99	82 394.0	40 012.7	40 012.7	38 197.9	38 197.6	—	—	—	—	95.5	—	—	—	—	—
Mali															
01-24	648.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	119.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	768.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Upper Volta															
01-24	834.4	336.4	336.4	—	—	—	—	—	—	—	—	—	—	—	—
25-99	80.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	914.8	336.4	336.4	—	—	—	—	—	—	—	—	—	—	—	—
Nigeria															
01-24	6 686.4	3 075.8	3 075.8	634.9	634.9	—	—	—	—	20.6	—	—	—	—	—
25-99	91 048.4	88 981.3	88 981.3	211.6	2.9	—	—	—	—	0.1	—	—	—	—	—
01-99	97 734.8	92 057.1	92 057.1	846.5	637.8	—	—	—	—	0.8	—	—	—	—	—

Niger															
01-24	154.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	0.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	155.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Chad															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	2 744.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	2 744.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Central African Republic															
01-24	99.4	5.4	5.4	—	—	—	—	—	—	—	—	—	—	—	—
25-99	164.0	1.5	1.5	1.5	1.5	—	—	—	—	100.0	—	—	—	—	—
01-99	263.4	6.9	6.9	1.5	1.5	—	—	—	—	22.2	—	—	—	—	—
Equatorial Guinea															
01-24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	7.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	7.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Mauritius															
01-24	973.9	973.7	973.7	—	—	—	—	—	—	—	—	—	—	—	—
25-99	121.2	24.1	24.1	24.1	24.1	—	—	—	—	100.0	—	—	—	—	—
01-99	1 095.1	997.8	997.8	24.1	24.1	—	—	—	—	2.4	—	—	—	—	—
Zambia															
01-24	743.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	168 512.0	164 946.6	164 946.6	164 946.6	1.3	—	—	—	—	50.0	—	—	—	—	—
01-99	169 255.8	164 946.6	164 946.6	164 946.6	1.3	—	—	—	—	50.0	—	—	—	—	—
Western Samoa															
01-24	254.4	0.8	0.8	0.8	0.8	—	—	—	—	100.0	—	—	—	—	—
25-99	1.4	1.4	1.4	1.4	1.4	—	—	—	—	100.0	—	—	—	—	—
01-99	255.8	2.2	2.2	2.2	2.2	—	—	—	—	100.0	—	—	—	—	—
Gilbert and Ellice Islands															
01-24	117.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25-99	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
01-99	117.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL															
01-24	21 185.6	11 531.8	11 531.8	1 042.1	1 042.1	—	—	—	—	9.0	—	—	—	—	—
25-99	544 666.2	461 571.6	459 501.5	214 261.8	48 657.7	—	—	—	—	28.5	—	—	—	—	—
01-99	565 851.8	473 103.4	471 033.3	215 303.9	49 699.8	—	—	—	—	28.1	—	—	—	—	—

Source: UNCTAD secretariat calculations.

NOTE. "Over-estimates" assume that the scheme included all "ex" items (i.e., tariff items of which only an unknown part was actually covered by the scheme). "Under-estimates" assume that "ex" items were totally excluded from the scheme. Because of the method applied to allocate preferential imports among individual beneficiaries, in a few instances the "under-estimates" shown in this annex are higher than the "over-estimates". (See annex II for details of the methodology used for estimating preferential trade under the "ceiling approach" and "reply approach".)

ANNEX V

Summary of the administrative components of Japan's scheme of generalized preferences

Scheme for fiscal year	*Value of ceilings* [a]	*Number of product groups for setting ceilings*	Of which *at zero level*	*Number of product groups affected by flexible administration of:* *Ceilings*	*Maximum amounts*	*Number of product groups subject to administration by* — *Prior allotment*: *Total*	of which *subject to flexible administration*: *Ceiling*	*Maximum amount*	*Daily control*: *Total*	of which *subject to flexible administration*: *Ceiling*	*Maximum amount*	*Monthly control*: *Total*	of which *subject to flexible administration*: *Ceiling*	*Maximum amount*
1971	490 [b] (176)	214	10	—	—	11	—	—	95	—	—	108	—	—
1972	694 (210)	206	10	—	—	11	—	—	72	—	—	123	—	—
1973	798 (219)	189	8	110	82	11	—	—	63	4	12	115	68	70
1974	774 (227)	182	7	116	124	11	—	11	46	18	7	125	98	105
1975	900 (274)	177	2	118	122	11	—	11	41	19	6	125	98	103

Source: UNCTAD secretariat calculations.

[a] Millions of dollars. Figures in brackets are billions of yen. The exchange rates used for conversion into dollars were (yen per dollar): 1971:360; 1972:302; 1973:274; 1974:293; 1975:293. The depreciation of the yen in 1974 caused dollar values of ceilings to decline, although there was an increase in ceilings in terms of national currency.

[b] Ceiling applicable during the period of operation of the scheme (1 August-31 March), expressed at an annual rate.

ANNEX VI

Trade implications of the enlargement of the positive list of products from CCCN chapters 1-24 included in the scheme of Japan for fiscal year 1975: imports in 1972 from world and actual beneficiaries of products added to the positive list

(Thousands of dollars)

CCCN	Product description	World	Actual beneficiaries
03.01	Fish, fresh (live or dead), chilled or frozen:		
	ex. 1 Aquarium or ornamental fish excluding carp and goldfish	2 398	2 055
05.15	Animal products not elsewhere specified or included: dead animals of chapter 1 or chapter 3, unfit for human consumption		
	7. Other	1 975	1 454
08.05	Nuts other than those falling within heading No. 08.01, fresh or dried, shelled or not		
	ex. 4(2) Hazel nuts	499	432
12.03	Seeds, fruit and spores, of a kind used for sowing:		
	1. Vegetable seeds	1 458	536
14.05	Vegetable products not elsewhere specified or included:		
	ex. 1(2) Of genus gloiopeltis	187	184
15.05	Wool grease and fatty substances derived therefrom (including lanolin)		
	1. Wool grease	14	10
	TOTAL	6 531	4 671

Source: UNCTAD secretariat calculations.

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EFFECTS OF THE GENERALIZED SYSTEM OF PREFERENCES ON THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

Report by the UNCTAD secretariat

[*Original: English*]
[*26 November 1975*]

CONTENTS

TABLES

ANNEX

Introduction

1. This report presents the most recent information available on the actual or potential imports from the 25 least developed countries under the schemes of generalized preferences 18 preference-giving countries.[1] The data are for different years (1972, 1973 and 1974) and the information is sometimes incomplete with regard to dutiable, covered or preferential imports. Moreover, some preference-giving countries do not separately record imports from a number of least developed countries. These limitations prevent a precise summary of the aggregate benefits accruing to each of the least developed among the developing countries. They also result in an understatement of the amount of imports originating in the least developed countries. However, an over-all appraisal of the least developed countries' experience under the GSP schemes is possible, and this yields at least a rough indication of the benefits afforded by the system.

2. A review of those least developed countries which have not yet been recognized as beneficiaries of all the schemes is the first topic considered. Secondly, this report briefly describes the extent to which the exports of the least developed countries have been subject to duties, have been eligible for GSP treatment, and have actually received preferences. The failure of some least developed GSP beneficiaries to notify the preference-giving countries of the authorities empowered to issue certificates of origin, a major cause of low GSP utilization, is analysed in the third part of this report. Fourthly, the proportion of covered imports that failed to receive preferential treatment because of safeguards and rules of origin problems is estimated. Fifthly, the report summarizes the degree to which products from the most important least developed exporting countries have received MFN duty-free treatment, are eligible for GSP treatment and have actually received such treatment. Finally, details on the most recent GSP experience of each of the least developed among the developing countries are set forth in the annex.

[1] The following countries are at present recognized as least developed: *Africa*: Botswana, Burundi, Chad, Dahomey, Ethiopia, Guinea, Lesotho, Mali, Malawi, Niger, Rwanda, Somalia, Sudan, Uganda, United Republic of Tanzania, Upper Volta; *Asia and Oceania*: Afghanistan, Bhutan, Laos, Maldives, Nepal, Sikkim, Western Samoa, Yemen; *Latin America*: Haiti. Both the Trade and Development Board (resolution 136 (XV) and the Economic and Social Council (resolution 1976 (LIX)) have recommended to the General Assembly the addition of the following four countries to the present list of 25: Bangladesh, the Central African Republic, Democratic Yemen and the Gambia. The preference-giving countries considered here include Austria, Belgium, Finland, France. Germany, Federal Republic of, Hungary, Ireland. Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Sweden, Switzerland, the United Kingdom and the United States of America. Since the United States scheme was not in effect at the time of preparation of this analysis, it is based on UNCTAD secretariat estimates of potential 1973 trade flows under the scheme. In the absence of complete information, preferential imports from each least developed country into the EEC have also been estimated (see in this volume, document TD/B/C.5/34/Add.1). The EEC scheme considered here is the one that was in operation in 1972, i.e. before the enlargement of the Community.

I. Status of the least developed countries under the generalized system of preferences

3. Since the last report on the least developed among the developing countries,[2] some improvement has occurred in the number of countries included in the schemes of the preference-giving countries. Most of the preference-giving countries now recognize all of the least developed countries as beneficiaries, although it appears that Hungary does not accord beneficiary status to Bhutan and Western Samoa.[3]

II. Coverage of imports from the least developed countries in the generalized system of preferences

4. As explained in detail in the earlier report, the least developed countries mainly produce and export a limited number of agricultural and primary products. Exports of no more than two commodities from each least developed country usually account for over half of export earnings.[4] The annex to this report shows in detail that roughly half of the 18 preference-giving countries' imports from the least developed countries fall within CCCN chapters 1-24, and that most of the imports relating to CCCN chapters 25-99 consist of products which have undergone little or no processing.

5. Because developed countries levy tariffs mainly on manufactured products rather than on raw materials in CCCN chapters 25-99, a major share of the least developed countries' exports to the developed countries are already duty-free. Although their small exports of dutiable products in CCCN chapters 25-99 are almost all eligible for preferential treatment, their agricultural exports in CCCN chapters 1-24 are almost all dutiable but not covered.

6. For all products in CCCN chapters 1-99, table 1 shows that only 3 per cent of total imports from the least developed countries were dutiable in Norway, and although 82 per cent were subject to Swiss tariffs, many of the duties in Switzerland are negligible in amount. The EEC and the United States of America, which account for about two-thirds of the 18 preference-giving countries' total imports from the least developed countries, classified 37 per cent and 22 per cent of total imports respectively in the dutiable category. Therefore, greater GSP benefits could be obtained by the least developed countries through expansion of their exports of dutiable products covered by the GSP.

7. In the aggregate, GSP-eligible imports as a proportion of all dutiable imports indicated in table 1 were as low as 0.3 per cent in the scheme of Sweden, and were

[2] Document TD/B/C.5/5. *

[3] For further details see, in this volume, document TD/B/C.5/41, annex II.

[4] See *Special measures in favour of the least developed among the developing countries: Report of the* Ad hoc *Group of Experts on special measures in favour of the least developed among the developing countries* (United Nations publication, Sales No. E.71.II.D.11).

only 36 per cent for notifying beneficiaries of the EEC scheme and 61 per cent under the scheme of the United States. Only one-third of all dutiable imports from the least developed countries given in table 1 were covered by the GSP. The fact that the least developed countries have tended to specialize heretofore in those areas where their exports received duty-free treatment suggests that the least developed countries may also respond to preferences by adjusting the composition of their production and exports. Therefore, major emphasis should be placed on expansion of GSP product coverage.

8. Another area of potential improvement in the GSP is suggested by considering that only about half of the covered imports indicated in the annex to this report actually received preferences. Some beneficiaries failed to receive preferential treatment because they failed to notify preference-giving countries of the authorities empowered to issue certificates of origin. However, as column 8 in table 1 illustrates, the rate of GSP utilization for all imports from notifying beneficiaries ranged only from 20 per cent to 70 per cent under five of the seven schemes with respect to which complete information on actual preferential treatment is available.[5] There were two main reasons for this: (*a*) beneficiaries failed to satisfy other origin requirements; and (*b*) preference-giving countries invoked safeguard restrictions on GSP imports. The problems of notification, rules of origin and safeguards are considered in the two sections which follow.

III. Notification by least developed beneficiaries

9. The extent of the notification problem can be ascertained by observing the number of non-notifying beneficiaries and the value of GSP-covered imports from non-notifying beneficiaries. These countries have perhaps unwittingly denied themselves the possibility of taking advantage of the preferential treatment offered to those of their products that are covered by the GSP. Only three of the 12 least developed countries not already receiving special preferences gave notification to EEC in 1972, Finland did not receive notification from 14 least developed beneficiaries, Ireland from 22, Japan from 10, Norway and Sweden from 19 each and Switzerland from 15. Thus, under the seven schemes for which complete information is available, notification had not been received from over half of the least developed beneficiaries. Although the situation has improved somewhat (in 1975, for instance, Japan records only four non-notifying beneficiaries), many least developed countries have been denying themselves the opportunity for preferential treatment of their exports.

10. There may be some cases, however, where narrow GSP product coverage or the absence of imports from the least developed countries cause non-notification to assume less importance. For example, over half of the non-notifying beneficiaries of the Irish and Norwegian schemes sent no exports to Ireland or Norway. On the other hand, four-fifths of the non-notifying beneficiaries of the other five schemes did export to the preference-giving countries and apparently were forgoing possible preferential treatment.

11. Notification has not been a problem either for those least developed countries which actually exported to Finland, Japan and Norway, since notifying beneficiaries accounted for most of the least developed countries' exports to those three countries. However, non-notifying beneficiaries were the source of 27 per cent of covered imports in Sweden and 45 per cent in Switzerland. The EEC accorded GSP eligibility to $11.8 million u.a. of imports from least developed beneficiaries not already receiving special preferences, but 15 per cent of these imports came from non-notifying beneficiaries. It may be noted from table 1 that covered imports from non-notifying beneficiaries of the EEC scheme would have received a higher rate of preferential treatment than those from notifying beneficiaries if the notification and other origin requirements had been fulfilled.

12. There are a number of reasons why beneficiaries may have failed to provide notification to preference-giving countries. If their exports are not covered by the scheme or if the preferential margins are insignificant in amount, beneficiaries may not be interested in giving notification. However, the widespread tendency toward non-notification on the part of the least developed countries and the fact that they give notification less frequently than other developing countries suggest another cause for the problem: the least developed countries may not be receiving information on the importance of the notification requirements and on the procedures for fulfilling the requirements.

13. While some individual preference-giving countries have taken the initiative in providing detailed advice on GSP formalities to each beneficiary, the main source of this information is meetings in UNCTAD dealing with the GSP, in particular through the Special Committee on Preferences and its Working Group on Rules of Origin as well as the technical assistance provided to the GSP beneficiaries under the UNCTAD/UNDP project for the provision of training and advisory services on the generalized system of preferences. The least developed countries' rate of participation in the UNCTAD meetings and in the technical assistance activities is relatively low.

14. Only three of the least developed countries (Ethiopia, Sudan and Uganda) have participated in more than two of the six sessions of the Special Committee on Preferences and only seven of the 25 least developed countries have ever attended any session at all.

15. From May 1972 to April 1974, participants from 90 beneficiary countries attended eight regional or inter-regional seminars on the GSP but only 15 of the 25 least developed countries were represented at these seminars. Between May 1972 and October 1975, only one of the least developed among the developing countries (United Republic of Tanzania) had requested and received a short-term advisory mission on the GSP.

[5] The seven schemes are those of EEC, Finland, Japan, New Zealand, Norway, Sweden and Switzerland.

TABLE 1

Imports by preference-giving countries from the least developed countries

(In millions of dollars) [a]

Preference-giving countries and CCCN chapters (1)	*Total imports* (2)	*Dutiable imports* (3)	*Imports covered by GSP* (4)	*Preferential imports* (5)	*Dutiable imports as percentage of total imports* (6)	*Covered imports as percentage of dutiable imports* (7)	*Preferential imports as percentage of covered imports from notifying beneficiaries* (8)
Austria (1974)							
1-24							
25-99							
1-99	10.3	2.3	2.2		22.1	96.8	
EEC (1972)							
From notifying beneficiaries [b]							
1-24	25.2	18.6	1.7	1.7	73.8	9.3	100.0
25-99	32.0	9.2	8.3	6.1	28.6	90.2	73.4
1-99	57.2	27.8	10.0	7.8 [c]	48.5	36.2	78.0 [c]
From non-notifying beneficiaries [b]							
1-24	62.1	21.8	0.4	0.4	35.0	2.0	100.0
25-99	63.6	10.5	1.4	1.3	16.5	13.2	93.4
1-99	125.7	32.3	1.8	1.7 [c]	25.6	5.6	94.9 [c]
From other least developed countries [d]							
1-24	105.5	80.6	1.9	—	76.4	2.3	—
25-99	98.0	3.1	1.5	—	3.2	49.7	—
1-99	203.6	83.7	3.4	—	41.1	4.1	—
Total							
1-24	129.9	121.0	4.0	2.1	62.7		
25-99	193.6	22.8	11.2	7.4	11.8		
1-99	386.5	143.8	15.2	9.5	37.2		
Finland (1974)							
1-24	6.8	1.4	0.6	0.3	20.3	40.2	58.4
25-99	4.0	0.2	0.2	0.1	5.9	95.1	49.8
1-99	10.8	1.6	0.8	0.4	14.9	48.3	55.9
Hungary (1972)							
1-24	26.0			25.3			97.1 [e]
25-99	12.9			1.6			12.3 [e]
1-99	38.9			26.9			69.1 [e]
Ireland (1972)							
1-24							
25-99							
1-99	7.9						
Japan (1972) [f]							
1-24	48.2	3.6	1.2	0.5	7.5	34.7	88.2
25-99	47.3	13.0	6.8	0.7	27.4	52.7	7.4
1-99	95.5	16.6	8.0	1.2	17.4	48.8	19.9
New Zealand (1972)							
1-24	3.8		2.4	2.4		63.3 [g]	98.6
25-99	2.1		[h]	[h]		[i]	100.0
1-99	5.9		2.4	2.4		40.6 [g]	98.6
Norway (1974)							
1-24	5.1	0.2	—	[h]	4.3	1.5	100.0
25-99	10.1	0.2	0.2	[h]	2.5	99.9	18.9
1-99	15.2	0.4	0.2	[h]	3.1	53.3	19.8

TABLE 1 (*continued*)

Imports by preference-giving countries from the least developed countries

(In millions of dollars) [a]

Preference-giving countries and CCCN chapters (1)	*Total imports* (2)	*Dutiable imports* (3)	*Imports covered by GSP* (4)	*Preferential imports* (5)	*Dutiable imports as percentage of total imports* (6)	*Covered imports as percentage of dutiable imports* (7)	*Preferential imports as percentage of covered imports from notifying beneficiaries* (8)
Poland (1973)							
1-24	5.1	—	—	—	—	—	—
25-99	5.0	—	—	—	—	—	—
1-99	10.1	—	—	—	—	—	—
Sweden (1974)							
1-24	20.9	13.9	—	—	66.9	—	—
25-99	5.3	0.1	h	h	1.9	47.4	68.3
1-99	26.2	14.0	h	h	53.6	0.3	68.3
Switzerland (1974)							
1-24	11.6	9.3	0.5	0.2	79.7	5.4	40.0
25-99	22.1	18.4	18.4	6.5	83.4	100.0	65.7
1-99	33.7	27.7	18.9	6.7	82.1	68.2	64.5
United Kingdom (1973)							
1-24	—	—	—	—	—	—	—
25-99	—	—	—	—	—	—	—
1-99	183.4	—	—	5.9	—	—	3.2 [e]
United States of America (1973)							
1-24	212.8	13.2	11.1	11.1	6.2	84.1	100.0
25-99	66.7	47.1	25.8	16.5	70.7	54.8	64.1
1-99	279.5	60.3	36.9	27.6 [c]	21.6	61.1	75.0 [c]

[a] Except for EEC, which reports imports in terms of units of account. The imports of other countries were either reported to the UNCTAD secretariat in dollars or were converted to dollars at exchange rates appearing in document TD/B/C.5/30 and Add.1 and document TD/B/C.5/35 (reproduced in this volume).

[b] Least developed beneficiaries of the EEC scheme not already receiving special preferences.

[c] Estimated on the assumption that the beneficiaries would successfully fulfil notification and other origin requirements. For the EEC these estimates are maxima.

[d] Least developed countries which receive special preferences rather than GSP treatment.

[e] Preferential imports as percentage of total imports. Information on covered and dutiable imports is incomplete.

[f] Dutiable, covered and preferential imports for individual countries were estimated. See document TD/B/C.5/35 (reproduced in this volume).

[g] Covered imports as percentage of total imports. Information on dutiable imports is incomplete.

[h] Less than $50,000.

[i] Less than 0.05 per cent.

16. This suggests that additional efforts need to be undertaken on both a bilateral and a multilateral basis to inform the least developed countries of the trade opportunities under the GSP and to assist them to take maximum advantage of these opportunities.

IV. The effects of safeguards and rules of origin problems on preferential imports from the least developed beneficiaries

17. Presumably, most of the covered imports from notifying beneficiaries would receive preferences were it not for the application of safeguards and the failure to abide by rules of origin. However, in the absence of complete information from EEC, preferential imports into EEC had to be estimated on the assumption that all beneficiaries supplying imports covered by the scheme complied with the rules of origin and that imports under the EEC tariff quotas were distributed proportionately among beneficiaries. Therefore, figures for the EEC cannot be used in this evaluation.

18. From one-third to one-half of the covered imports into Sweden, Finland and Switzerland that originated in least developed notifying countries did not receive preferential treatment. In the case of Finland and Switzerland, as is explained in detail elsewhere,[6] non-compliance with rules of origin and procedural problems account for most of the non-preferential treatment. The same holds true for Sweden since it has not applied any safeguards to date. Switzerland has also reported a lack of interest in claiming GSP treatment whenever importers

[6] See documents TD/B/C.5/30 and Add.1.

TABLE 2

Imports of 18 preference-giving countries from the least developed of the developing countries

(In thousands of dollars)

Exporting country	*1972*	*1973*	*Percentage of total in 1972*	*Percentage of total in 1973*
Africa				
Botswana	9 180	31 241	0.9	2.4
Burundi	23 118	26 288	2.3	2.1
Chad	23 651	23 413	2.3	1.8
Dahomey	36 029	46 499	3.5	3.6
Ethiopia	117 120	176 272	11.4	13.7
Guinea	30 778	37 370	3.0	2.9
Lesotho	89	73	—	—
Malawi	48 083	71 298	4.7	5.6
Mali	17 795	22 003	1.7	1.8
Niger	36 130	60 334	3.5	4.7
Rwanda	22 196	22 465	2.2	1.7
Somalia	15 676	14 989	1.5	1.2
Sudan	151 855	230 600	14.8	17.9
Tanzania, United Republic of	131 610	182 389	12.8	14.2
Uganda	197 262	168 498	19.2	13.1
Upper Volta	8 570	16 196	0.8	1.3
Asia and Oceania				
Afghanistan	85 169	60 372	8.3	4.7
Bhutan	—	—	—	—
Laos	638	1 185	0.1	0.1
Maldives	—	—	—	—
Nepal	76	845	—	0.1
Sikkim	—	—	—	—
Western Samoa	—	—	—	—
Yemen	3 184	6 836	0.3	0.5
Latin America				
Haiti	68 721	85 209	6.7	6.6
TOTAL	1 026 930	1 284 375	100.0	100.0

Sources: OECD, *Series C—Trade by Commodities: Market Summaries*, vol. I, *Imports*, Jan.-Dec. 1973; United Nations, *Commodity Trade Statistics, 1972* (ST/ESA/STAT/SER.D/71.11), *Commodity Trade Statistics, 1973* (ST/ESA/STAT/SER.D/73-38); TD/B/C.5/30.

purchase goods subject to very low MFN duties. Norway has reported that similar rules of origin problems account for its refusal to give preferential treatment, but the proportion of covered Norwegian imports from notifying least developed beneficiaries that did not receive preferences (80 per cent) is much higher than the comparable proportions in the cases of Finland, Sweden and Switzerland. About 80 per cent of Japan's covered imports from notifying least developed countries likewise did not receive preferential treatment, but in this case safeguards also played an important role. The bulk of Japanese imports from Uganda, the most important least developed supplier to Japan, were denied preferential treatment because they were subject to a zero ceiling.[7]

[7] See, in this volume, document TD/B/C.5/35.

V. Experience of the major least developed beneficiaries under the generalized system of preferences

19. As is shown in table 2, four countries (Sudan, the United Republic of Tanzania, Ethiopia and Uganda) supplied over half of the 18 preference-giving countries' total imports from all 25 of the least developed countries.[8] The same four also assume primacy among the least developed countries exporting to EEC, to Japan and (with the exception of Sudan) to the United States. As is clear from the annex to this report, however, their position cannot be attributed to successful utilization of the

[8] In the absence of replies from every developed country in any one year, this information is based mainly on data from OECD and the United Nations Statistical Office.

GSP. Only 9 per cent of their total exports to Japan and 22 per cent of their total exports to the EEC[9] are eligible for GSP treatment. Had the United States scheme been in effect in 1973, Ethiopia, Haiti, the United Republic of Tanzania and Uganda as a group would have found that 13 per cent of their total exports to the United States were eligible for GSP treatment.

20. Some of the low GSP-eligible trade can be traced to duty-free treatment, although dutiable imports as a proportion of total imports vary a great deal. The top four exporters are subject to MFN duties ranging from 11 to 68 per cent of their total exports to EEC, from 2 to 37 per cent of their total exports to Japan, and from 0.2 to 69 per cent of total exports to the United States of America. However, the narrowness of product coverage on dutiable imports, in particular the tendency to exclude many agricultural commodities from the schemes, also prevents these least developed countries from benefiting fully from the GSP.

21. As a result of differences in duty-free treatment and product coverage, other countries besides the four discussed above are important sources of products eligible for GSP treatment. Afghanistan supplied the EEC with 82 per cent of its GSP-eligible imports from notifying least developed beneficiaries not receiving special preferences. Uganda supplied two-thirds ($5.2 million) of the imports from the least developed countries of products covered by the Japanese scheme in 1972. In 1973, Malawi was the source of $5 million and Haiti of $25.3 million of imports that would have been covered under the United States scheme. The two countries would have accounted for 82 per cent of eligible imports from all least developed countries under the United States scheme. In descending order of importance, Uganda, Guinea, Afghanistan and Sudan were major suppliers of products eligible for preferential treatment under the other ten GSP schemes.

22. Most of the major least developed suppliers of products eligible for preferential treatment gave notification, and show high rates of GSP utilization, except in cases where safeguards were applied. The EEC is estimated to have given preferential treatment to imports valued at 5.3 million u.a. or 65 per cent of covered imports from Afghanistan. This means that Afghanistan supplied over two-thirds of all preferential imports from GSP beneficiaries which had given notification to the EEC.

23. All of the major suppliers among the least developed countries gave notification to Japan, but exports from Uganda actually received almost no preferential treatment, while 43 per cent of covered exports from Ethiopia, 80 per cent from Sudan, and 35 per cent from the United Republic of Tanzania actually received preferences. Ethiopia, the source of imports valued at $467,000, accounted for almost three-fourths of all Japanese imports from the least developed countries actually receiving preferential treatment.

24. Assuming no notification problems, Malawi and Haiti would also have been major recipients of preferences under the United States scheme. Guinea, Afghanistan, Ethiopia, the United Republic of Tanzania and Uganda received almost all of the preferential treatment accorded under the ten other schemes.

VI. Conclusions

25. The latest information available suggests that the least developed among the developing countries have benefited from the GSP, but not to the fullest extent possible. The bulk of their exports relating to CCCN chapters 25-99 are primary products already receiving duty-free treatment, a fact which highlights the importance of export diversification for the least developed countries. If these countries were able to export more products covered by the GSP, they would benefit from more preferential treatment.

26. There is also an evident need for expansion in GSP product coverage. Only about one-third of all dutiable imports from the least developed countries and an even smaller proportion of dutiable imports in CCCN chapters 1-24 were eligible for preferential treatment. Inclusion of more agricultural products in the GSP would serve to promote the growth of exports, output, and income in the least developed countries.

27. The information on GSP utilization by the least developed among the developing countries shows that about one-half of all GSP-covered imports actually received preferential treatment. In five of the nine schemes for which information was available, preferences were granted to over two-thirds of GSP-eligible imports from notifying beneficiaries.

28. Nevertheless, possibilities for improved GSP utilization also exist. One of the lowest rates of preferential treatment granted to least developed countries occurred because safeguards were applied. Many preference-giving countries report that some least developed beneficiaries have failed to follow rules of origin. Therefore, measures to lessen the restrictiveness of *a priori* limitations and to aid the least developed countries in meeting origin requirements are two obvious means of achieving higher rates of GSP utilization.

29. Finally, preferential treatment, which is now received in significant amounts by only a few major least developed suppliers, could be expanded considerably if all least developed countries were to give timely notification of their authorities empowered to certify origin documents. The evidence reviewed in this report suggests that infrequent notification may be associated with an inadequate flow of information on the GSP to the least developed countries. If this is the case, then the situation points to a need for special technical assistance to the least developed among the developing countries.

[9] Under the Lomé Convention, all four countries have received special preferences from EEC since July 1975, and Uganda and the United Republic of Tanzania already enjoyed such preferences under the Arusha Agreement.

ANNEX

Preferential imports from the least developed among the developing countries under the schemes of generalized preferences of 18 developed countries for latest years for which information is available *

(In thousands of dollars)

1. Austria 1974

LDDC and CCCN chapters	*Total imports*	*Dutiable imports*	*Covered imports*	*Preferential imports*
AFRICA				
Botswana				
1-24				
25-99				
1-99				
Burundi				
1-24				
25-99				
1-99	71	4	4	—
Chad				
1-24				
25-99				
1-99	1 974	—	—	—
Dahomey				
1-24				
25-99				
1-99	215	a	a	—
Ethiopia				
1-24				
25-99				
1-99	1 532	667	667	—
Guinea				
1-24				
25-99				
1-99	20	13	13	—
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24				
25-99				
1-99				
Mali				
1-24				
25-99				
1-99				
Niger				
1-24				
25-99				
1-99	10	—	—	—
Rwanda				
1-24				
25-99				
1-99	a	a	a	—
Nepal				
1-24				
25-99				
1-99	4	3	3	—
Somalia				
1-24				
25-99				
1-99	a	—	—	—
Sudan				
1-24				
25-99				
1-99	3 060	9	8	—
Uganda				
1-24				
25-99				
1-99	1 884	389	353	—
United Republic of Tanzania				
1-24				
25-99				
1-99	741	628	628	—
Upper Volta				
1-24				
25-99				
1-99	30	a	a	—
Total Africa				
1-24				
25-99				
1-99	9 537	1 710	1 673	
ASIA AND OCEANIA				
Afghanistan				
1-24				
25-99				
1-99	724	541	510	—
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99				
1-99	1			—
Maldives				
1-24				
25-99				
1-99				

* Based on information derived from documents TD/B/C.5:30 and Add.1, document TD/B/C.5/34/Add.1 (reproduced in this volume) and document TD/B/C.5/35 (*id.*).

[a] Less than $500.

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
Total Asia and Oceania				
1-24				
25-99				
1-99	731	544	513	
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99				
Yemen				
1-24				
25-99				
1-99	2	—	—	—
LATIN AMERICA				
Haiti				
1-24				
25-99				
1-99	64	25	21	—
TOTAL ALL LDDC				
1-24				
25-99				
1-99	10 332	2 279	2 207	

(B) Non-notifying beneficiaries of the EEC scheme of generalized preferences excluding those countries enjoying special preferences.

(N) Beneficiaries of the EEC scheme of generalized preferences (other than those enjoying special preferences) which have given notification to the EEC.

(S) Least developed countries receiving special preferences from the EEC.

LDDC and CCCN chapters	*Total imports*	*Dutiable imports*	*Covered imports*	*Preferential imports*
AFRICA				
Botswana (N)				
1-24	60.9	—	—	—
25-99	281.1	1.2	1.2	1.2
1-99	342.0	1.2	1.2	1.2
Burundi (S)				
1-24	2 553.7	2 379.2		
25-99	2 839.3	86.7	86.7	
1-99	5 393.0	2 565.9	86.7	
Chad (S)				
1-24	465.4	313.5		
25-99	18 704.3	27.1	26.4	
1-99	19 169.7	340.6	26.4	
Dahomey (S)				
1-24	17 053.7	13 742.1	105.1	
25-99	11 288.2	84.8	76.9	
1-99	28 341.9	13 826.9	182.0	
Ethiopia (N)				
1-24	24 546.0	18 277.4	1 715.0	1 715.0
25-99	8 313.3	1 327.2	780.7	767.1
1-99	32 859.3	19 604.6	2 495.7	2 482.1
Guinea (B)				
1-24	495.3	358.9	12.1	12.1
25-99	8 926.2	8 387.9	327.2	327.2
1-99	9 421.5	8 746.8	339.3	339.3
Lesotho (B)				
1-24	10.8	10.8	—	—
25-99	80.3	75.8	5.4	5.4
1-99	91.1	86.6	5.4	5.4
Malawi (B)				
1-24	2 581.2	1 855.7	—	—
25-99	86.3	21.2	12.4	12.4
1-99	2 667.5	1 876.9	12.4	12.4
Mali (S)				
1-24	5 354.1	1 351.4	1.0	
25-99	9 941.4	173.1	136.3	
1-99	15 295.5	1 524.5	137.3	
Niger				
1-24	21 588.9	8 829.4		
25-99	9 490.4	831.6	221.2	
1-99	31 079.3	9 661.0	221.2	
Rwanda (S)				
1-24	2 533.0	2 467.1	8.4	
25-99	5 131.1	50.2	49.4	
1-99	7 664.1	2 517.3	57.8	
Somalia (S)				
1-24	10 336.8	10 014.2	1 675.9	
25-99	3 493.4	137.1	117.7	
1-99	13 830.2	10 151.3	1 793.6	
Sudan (B)				
1-24	47 620.0	8 548.0	88.1	88.1
25-99	37 804.3	1 020.2	583.7	570.1
1-99	85 424.3	9 568.2	671.8	658.1
Uganda (S)				
1-24	21 733.3	21 114.0	1.0	
25-99	9 575.0	117.6	59.2	
1-99	31 308.3	21 231.6	60.2	
United Republic of Tanzania (S)				
1-24	22 338.1	19 917.8	93.1	
25-99	22 626.1	1 374.2	962.8	
1-99	44 964.2	21 292.0	1 055.9	
Upper Volta (S)				
1-24	1 590.2	418.3		
25-99	4 923.9	227.4	49.1	
1-99	6 514.1	645.7	49.1	
Total Africa				
1-24	180 861.4	109 697.8	3 699.7	1 815.2
25-99	153 504.6	13 943.3	3 496.3	1 683.3
1-99	334 366.0	123 641.1	7 196.0	3 498.5
ASIA AND OCEANIA				
Afghanistan (N)				
1-24	606.1	332.7	16.2	16.2
25-99	23 398.3	7 834.1	8 194.9	5 296.3
1-99	24 004.4	8 166.8	8 211.1	5 312.5
Bhutan				
1-24				
25-99				
1-99				
Laos (B)				
1-24	84.8	3.7	—	—
25-99	4 755.2	15.7	15.7	15.7
1-99	4 840.0	19.4	15.7	15.7
Maldives (B)				
1-24	29.7	29.7		
25-99	64.3	46.5	0.4	0.4
1-99	94.0	76.2	0.4	0.4
Nepal (B)				
1-24	46.0	9.7	9.7	9.7
25-99	9 006.2	279.2	205.1	178.0
1-99	9 052.2	288.9	214.8	187.7
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99				
Yemen (B)				
1-24	227.0	71.8		
25-99	888.0	7.7	7.7	5.3
1-99	1 115.0	79.5	7.7	5.3

2. EEC, 1972[a] (*continued*)

LDDC and CCCN chapters	*Total imports*	*Dutiable imports*	*Covered imports*	*Preferential imports*
Total Asia and Oceania				
1-24	993.6	447.6	25.9	25.9
25-99	38 112.0	8 183.2	8 423.8	5 495.7
1-99	39 105.6	8 630.8	8 449.7	5 521.6
LATIN AMERICA				
Haiti (B)				
1-24	11 064.0	10 873.0	324.0	324.0
25-99	2 002.7	644.0	276.4	184.3
1-99	13 066.7	11 517.0	600.4	508.3
Sub-total (N)				
1-24	25 213.0	18 610.1	1 731.2	1 731.2
25-99	31 992.7	9 162.5	8 261.2	6 064.6
1-99	57 205.7	27 772.6	9 992.4	7 795.2
Sub-total (B)				
1-24	62 158.8	21 761.3	433.9	433.9
25-99	63 613.5	10 498.2	1 390.9	1 298.7
1-99	125 772.3	32 259.5	1 824.8	1 732.6
Sub-total (S)				
1-24	105 547.2	80 647.0	1 884.5	—
25-99	98 013.1	3 109.8	1 544.4	—
1-99	203 560.3	83 756.8	3 428.9	—
TOTAL ALL LDDC				
1-24	192 919.0	121 018.4	4 049.6	2 165.1
25-99	193 619.3	22 770.5	11 196.5	7 363.3
1-99	386 538.3	143 788.9	15 246.1	9 528.4

NOTE. Values of covered and preferential imports have been estimated as maxima. For details see document TD/B/C.5/34/Add.1, reproduced in this volume.

[a] Values in thousands of units of account.

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24				
25-99	0.6	0.1	0.1	
1-99	0.6	0.1	0.1	
Burundi				
1-24				
25-99				
1-99				
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24	0.3			
25-99	—			
1-99	0.3			
Ethiopia				
1-24	3 776.8	214.0		
25-99	61.7	1.3	0.5	
1-99	3 838.5	215.3	0.5	
Guinea				
1-24	182.2	0.1		
25-99	—	—		
1-99	182.2	0.1		
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24	468.2	308.8	308.8	169.6
25-99	—	—	—	—
1-99	468.2	308.8	308.8	169.6
Mali				
1-24	1.1			
25-99	—			
1-99	1.1			
Niger				
1-24	74.5			
25-99	—			
1-99	74.5			
Rwanda				
1-24				
25-99				
1-99				
Somalia				
1-24				
25-99				
1-99				
Sudan				
1-24				
25-99				
1-99				
Uganda				
1-24	131.3	15.8		
25-99	16.4	0.2	0.1	
1-99	147.7	16.0	0.1	
United Republic of Tanzania				
1-24	647.9	30.5	30.5	

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
25-99	71.0	0.1	0.1	
1-99	718.9	30.6	30.6	
Upper Volta				
1-24				
25-99				
1-99				
Total Africa				
1-24	5 943.2	569.2	339.3	169.6
25-99	3 615.6	1.7	0.8	—
1-99	9 558.8	570.9	340.1	169.6
ASIA AND OCEANIA				
Afghanistan				
1-24	211.9	211.9	211.9	153.1
25-99	229.2	229.2	211.2	111.9
1-99	441.1	441.1	433.1	265.0
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99	0.1	0.1		
1-99	0.1	0.1		
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24				
25-99	3.2	2.7	2.6	
1-99	3.2	2.7	2.6	
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24	591.5	591.5		
25-99	—	—		
1-99	591.5	591.5		
Yemen				
1-24				
25-99				
1-99				
Total Asia and Oceania				
1-24	803.4	803.4	211.9	153.1
25-99	232.5	232.0	223.8	111.9
1-99	1 035.9	1 035.4	435.7	265.0
LATIN AMERICA				
Haiti				
1-24	24.1	1.3	1.3	
25-99	169.4	2.5	—	
1-99	193.5	3.8	1.3	
TOTAL ALL LDDC				
1-24	6 770.7	1 373.9	552.5	322.7
25-99	4 017.5	236.2	224.6	111.9
1-99	10 788.2	1 610.1	777.1	434.6

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24				
25-99				
1-99				
Burundi				
1-24				
25-99				
1-99				
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24				
25-99				
1-99				
Ethiopia				
1-24				
25-99	437			437
1-99	437			437
Guinea				
1-24	3 883	539		3 294
25-99				
1-99	3 883	539		3 294
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24				
25-99				
1-99				
Mali				
1-24				
25-99				
1-99				
Niger				
1-24				
25-99				
1-99				
Rwanda				
1-24				
25-99				
1-99				
Somalia				
1-24				
25-99				
1-99				
Sudan				
1-24	167	167		
25-99	12 274	12 274		
1-99	12 441	12 441		
Uganda				
1-24	21 990			21 990
25-99				
1-99	21 990			21 990
United Republic of Tanzania				
1-24	3			
25-99	139			139
1-99	142			139
Upper Volta				
1-24				
25-99				
1-99				
Total Africa				
1-24	26 043			25 284
25-99	12 850			1 576
1-99	38 893	[a]		26 860
ASIA AND OCEANIA				
Afghanistan				
1-24				
25-99				
1-99				
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99				
1-99				
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24				
25-99				
1-99				
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99				
Yemen				
1-24				
25-99				
1-99				
Total Asia and Oceania				
1-24				
25-99				
1-99				
LATIN AMERICA				
Haiti				
1-24				
25-99				
1-99				
TOTAL ALL LDDC				
1-24	26 043			25 284
25-99	12 850			1 576
1-99	38 893	[a]		26 860

[a] Information from Hungary on dutiable imports is incomplete.

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24				
25-99				
1-99				
Burundi				
1-24				
25-99				
1-99	0.3			
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24				
25-99				
1-99				
Ethiopia				
1-24				
25-99				
1-99	15.0			
Guinea				
1-24				
25-99				
1-99	19.9			
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24				
25-99				
1-99	3 756.4			
Mali				
1-24				
25-99				
1-99				
Niger				
1-24				
25-99				
1-99	15.2			
Rwanda				
1-24				
25-99				
1-99	16.7			
Somalia				
1-24				
25-99				
1-99				
Sudan				
1-24				
25-99				
1-99	160.0			
Uganda				
1-24				
25-99				
1-99	954.9			
United Republic of Tanzania				
1-24				
25-99				
1-99	2 624.1			
Upper Volta				
1-24				
25-99				
1-99				
Total Africa				
1-24				
25-99				
1-99	7 562.5			
ASIA AND OCEANIA				
Afghanistan				
1-24				
25-99				
1-99	3.6			
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99				
1-99				
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24				
25-99				
1-99				
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99	335.0			
Yemen				
1-24				
25-99				
1-99	0.3			
Total Asia and Oceania				
1-24				
25-99				
1-99	338.9			
LATIN AMERICA				
Haiti				
1-24				
25-99				
1-99	0.1			
TOTAL ALL LDDC				
1-24				
25-99				
1-99	7 901.5			

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24	29.9	0.7		
25-99	66.3	66.3	66.3	28.4
1-99	96.2	67.0	66.3	28.4
Burundi				
1-24				
25-99	272.5			
1-99	272.5			
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24	1 384.8	818.5		
25-99	274.5			
1-99	1 659.3	818.5		
Ethiopia				
1-24	12 397.3	1 141.0	934.2	404.8
25-99	2 866.7	23.7	18.4	9.1
1-99	15 264.0	1 164.7	952.6	413.9
Guinea				
1-24				
25-99				
1-99				
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24	512.5	273.3		
25-99	51.2	28.2	15.2	6.5
1-99	563.7	301.5	15.2	6.5
Mali				
1-24				
25-99				
1-99				
Niger				
1-24				
25-99				
1-99				
Rwanda				
1-24				
25-99	54.3	26.9	13.5	
1-99	54.3	26.9	13.5	
Somalia				
1-24	262.0			
25-99	99.7	94.3	88.8	54.1
1-99	361.7	94.3	88.8	54.1
Sudan				
1-24	12 865.8	10.9		
25-99	18 265.0	734.7	100.1	79.8
1-99	31 130.8	745.6	100.1	79.8
Uganda				
1-24	10 326.5	7.8		
25-99	17 699.0	10 456.4	5 233.8	9.0
1-99	28 025.5	10 464.2	5 233.8	9.0
United Republic of Tanzania				
1-24	7 112.5	699.5	270.6	124.9
25-99	7 005.6	1 163.6	1 057.0	341.9
1-99	14 118.1	1 863.1	1 327.6	466.8
Upper Volta				
1-24				
25-99				
1-99				
Total Africa				
1-24	44 891.3	2 951.7	1 204.8	529.7
25-99	46 654.8	12 594.1	6 593.1	528.8
1-99	91 546.1	15 545.8	7 797.9	1 058.5
ASIA AND OCEANIA				
Afghanistan				
1-24	128.2	1.9		
25-99	123.8	98.7	97.9	46.5
1-99	252.0	100.6	97.9	46.5
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24	4.2			
25-99	35.9	0.4	0.4	
1-99	40.1	0.4	0.4	
Maldives				
1-24	16.0	16.0		
25-99	4.2	4.2	4.2	1.1
1-99	20.2	20.2	4.2	1.1
Nepal				
1-24	1 371.7	68.2	46.4	21.4
25-99	276.8	67.2	66.2	46.9
1-99	1 648.5	135.4	112.6	68.3
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99				
Yemen				
1-24	1 614.2	564.2		
25-99	155.7	143.0	7.6	7.6
1-99	1 769.9	707.2	7.6	7.6
Total Asia and Oceania				
1-24	3 134.3	650.3	46.4	21.4
25-99	596.4	313.5	176.3	102.1
1-99	3 730.7	963.8	222.7	123.5
LATIN AMERICA				
Haiti				
1-24	168.8			
25-99	75.9	63.5	63.5	44.3
1-99	244.7	63.5	63.5	44.3
TOTAL ALL LDDC				
1-24	48 194.4	3 602.0	1 251.2	551.1
25-99	47 327.1	12 971.1	6 832.9	675.2
1-99	95 521.5	16 573.1	8 084.1	1 226.3

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LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24				
25-99				
1-99				
Burundi				
1-24				
25-99				
1-99				
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24				
25-99				
1-99				
Ethiopia				
1-24	1.6		1.6	1.6
25-99				
1-99	1.6		1.6	1.6
Guinea				
1-24				
25-99				
1-99				
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24	114.0		0.2	0.2
25-99	0.2		0.1	0.1
1-99	114.2		0.3	0.3
Mali				
1-24				
25-99				
1-99				
Niger				
1-24				
25-99				
1-99				
Rwanda				
1-24	9.6		9.6	9.6
25-99				
1-99	9.6		9.6	9.6
Somalia				
1-24				
25-99				
1-99				
Sudan				
1-24	47.9			
25-99				
1-99	47.9			
Uganda				
1-24	1 248.7		1 240.9	1 240.9
25-99	8.2			
1-99	1 256.9		1 240.9	1 240.9
United Republic of Tanzania				
1-24	1 093.9	0.1	1 093.2	1 093.2
25-99	1 169.2			
1-99	2 263.1	0.1	1 093.2	1 093.2
Upper Volta				
1-24				
25-99				
1-99				
Total Africa				
1-24	2 515.7		2 345.5	2 345.5
25-99	1 177.6		0.1	0.1
1-99	3 693.3	[a]	2 345.6	2 345.6
ASIA AND OCEANIA				
Afghanistan				
1-24				
25-99	3.3	3.3		
1-99	3.3	3.3		
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99				
1-99				
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24				
25-99	0.5		0.1	0.1
1-99	0.5		0.1	0.1
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24	1 270.6		50.2	15.6
25-99	26.6			
1-99	1 297.2		50.2	15.6
Yemen				
1-24				
25-99	904.0			
1-99	904.0			
Total Asia and Oceania				
1-24	1 270.6		50.2	15.6
25-99	934.4		0.1	0.1
1-99	2 205.0		50.3	15.7
LATIN AMERICA				
Haiti				
1-24				
25-99				
1-99				
TOTAL ALL LDDC				
1-24	3 786.3		2 395.7	2 361.1
25-99	2 112.0		0.2	0.2
1-99	5 898.3	[a]	2 395.9	2 361.3

[a] Information from New Zealand on dutiable imports is incomplete.

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24				
25-99				
1-99				
Burundi				
1-24				
25-99				
1-99	3.3	3.3		
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24				
25-99				
1-99				
Ethiopia				
1-24	994.2	23.0		
25-99	2.9	2.0	2.2	
1-99	997.1	25.0	2.2	
Guinea				
1-24	77.3			
25-99	9 763.2	0.2	0.2	
1-99	9 840.5	0.2	0.2	
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24				
25-99				
1-99				
Mali				
1-24	0.5	0.5	0.5	0.5
25-99				
1-99	0.5	0.5	0.5	0.5
Niger				
1-24				
25-99				
1-99				
Rwanda				
1-24				
25-99				
1-99				
Somalia				
1-24	19.6			
25-99				
1-99	19.6			
Sudan				
1-24	425.9	0.9	0.9	
25-99				
1-99	425.9	0.9	0.9	
Uganda				
1-24	230.9			
25-99	13.8			
1-99	244.7			
United Republic of Tanzania				
1-24	251.4	1.8	1.8	1.8
25-99	13.1	13.1	13.1	
1-99	264.5	14.9	14.9	1.8
Upper Volta				
1-24				
25-99				
1-99				
Total Africa				
1-24	4 131.1	26.2	3.2	2.3
25-99	9 796.3	18.6	15.3	
1-99	13 927.4	44.8	18.5	2.3
ASIA AND OCEANIA				
Afghanistan				
1-24	193.1	193.1		
25-99	312.9	227.7	222.7	46.5
1-99	506.0	420.8	222.7	46.5
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99				
1-99				
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24				
25-99	8.0	8.0	7.8	
1-99	8.0	8.0	7.8	
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99				
Yemen				
1-24	38.8			
25-99				
1-99	38.8			
Total Asia and Oceania				
1-24	231.9	193.1		
25-99	320.9	227.7	230.5	46.5
1-99	552.8	420.8	230.5	46.5
LATIN AMERICA				
Haiti				
1-24	696.6			
25-99	2.0	2.0	3.6	
1-99	698.6	2.0	3.6	
TOTAL ALL LDDC				
1-24	5 059.6	219.3	3.2	2.3
25-99	10 119.2	248.3	245.8	46.5
1-99	15 178.8	467.6	249.0	48.8

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24				
25-99				
1-99				
Burundi				
1-24				
25-99				
1-99				
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24				
25-99				
1-99				
Ethiopia				
1-24	36.3			
25-99	233.4			
1-99	269.7			
Guinea				
1-24	312.0			
25-99	438.3			
1-99	750.3			
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24				
25-99				
1-99				
Mali				
1-24				
25-99				
1-99				
Niger				
1-24				
25-99				
1-99				
Rwanda				
1-24				
25-99				
1-99				
Somalia				
1-24				
25-99				
1-99				
Sudan				
1-24				
25-99	3 439.6			
1-99	3 439.6			
Uganda				
1-24	4 135.0			
25-99				
1-99	4 135.0			
United Republic of Tanzania				
1-24	636.5			
25-99	747.2			
1-99	1 383.7			
Upper Volta				
1-24				
25-99				
1-99				
Total Africa				
1-24	5 119.8			
25-99	4 858.5			
1-99	9 978.3			
ASIA AND OCEANIA				
Afghanistan				
1-24				
25-99	1.0			
1-99	1.0			
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99				
1-99				
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24				
25-99	75.8			
1-99	75.8			
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99				
Yemen				
1-24				
25-99	4.6			
1-99	4.6			
Total Asia and Oceania				
1-24				
25-99	81.4			
1-99	81.4			
LATIN AMERICA				
Haiti				
1-24				
25-99	40.7			
1-99	40.7			
TOTAL ALL LDDC				
1-24	5 119.8			
25-99	4 980.6			
1-99	10 100.4			

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24				
25-99				
1-99				
Burundi				
1-24	814.6	814.6		
25-99	—	—		
1-99	814.6	814.6		
Chad				
1-24				
25-99				
1-99				
Dahomey				
1-24	372.7			
25-99	1.5	1.5	0.1	
1-99	374.2	1.5	0.1	
Ethiopia				
1-24	2 132.8	1 033.8	—	—
25-99	27.3	1.9	1.3	0.3
1-99	2 160.1	1 035.7	1.3	0.3
Guinea				
1-24	164.6	131.7	—	
25-99	0.3	0.3	0.3	
1-99	164.9	132.0	0.3	
Lesotho				
1-24				
25-99				
1-99				
Malawi				
1-24	287.4	—	—	
25-99	1.1	1.0	0.5	0.3
1-99	288.5	1.0	0.5	0.3
Mali				
1-24	3.8	—		
25-99	0.3	0.2		
1-99	4.1	0.2		
Niger				
1-24				
25-99				
1-99				
Rwanda				
1-24	51.7	50.2		
25-99	59.8	—		
1-99	111.5	50.2		
Somalia				
1-24				
25-99				
1-99				
Sudan				
1-24	1 272.3	—	—	
25-99	1 929.6	1.3	1.3	
1-99	3 201.9	1.3	1.3	
Uganda				
1-24	7 266.4	7 137.4	—	
25-99	97.8	3.6	3.6	
1-99	7 364.2	7 141.0	3.6	
United Republic of Tanzania				
1-24	6 673.8	4 765.7	—	—
25-99	375.6	23.2	11.9	4.3
1-99	7 049.4	4 788.9	11.9	4.3
Upper Volta				
1-24	366.0	—	—	
25-99	0.5	0.5	0.4	
1-99	366.5	0.5	0.4	
Total Africa				
1-24	19 406.1	13 933.4	—	—
25-99	2 493.8	33.6	19.6	4.9
1-99	21 899.9	13 967.0	19.6	4.9
ASIA AND OCEANIA				
Afghanistan				
1-24	384.6	—	—	—
25-99	2 033.4	60.2	21.6	19.2
1-99	2 418.0	60.2	21.6	19.2
Bhutan				
1-24	—	—	—	—
25-99	3.4	1.4	1.4	
1-99	3.4	1.4	1.4	
Laos				
1-24	2.0			
25-99	—			
1-99	2.0			
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24	2.3	—	—	
25-99	29.3	5.5	5.1	
1-99	31.6	5.5	5.1	
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24	1 031.4	—		
25-99	0.2	0.2		
1-99	1 031.6	0.2		
Yemen				
1-24	—			
25-99	771.3			
1-99	771.3			
Total Asia and Oceania				
1-24	1 420.3	—	—	—
25-99	2 837.6	67.3	28.1	19.2
1-99	4 257.9	67.3	28.1	19.2
LATIN AMERICA				
Haiti				
1-24	32.8	15.2	—	
25-99	0.7	0.3	0.3	
1-99	33.5	15.5	0.3	
TOTAL ALL LDDC				
1-24	20 859.2	13 948.6	—	—
25-99	5 332.1	101.2	48.0	24.1
1-99	26 191.3	14 049.8	48.0	24.1

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24	1 866.4	1 866.4		
25-99	1.0	1.0	0.3	
1-99	1 867.4	1 867.4	0.3	
Burundi				
1-24	40.6			
25-99				
1-99	40.6			
Chad				
1-24	1.7	1.7		
25-99	120.1	120.1	120.1	
1-99	121.8	121.8	120.1	
Dahomey				
1-24	149.7	137.9		
25-99	159.4	158.1	158.1	
1-99	309.1	296.0	158.1	
Ethiopia				
1-24	2 148.3	1 705.7	453.3	193.3
25-99	231.9	230.2	230.2	11.1
1-99	2 380.2	1 935.9	683.5	204.4
Guinea				
1-24	607.0	607.0		
25-99	5 335.9	5 066.4	5 066.4	4 672.5
1-99	5 942.9	5 673.4	5 066.4	4 672.5
Lesotho				
1-24				
25-99	0.3	0.3	0.3	
1-99	0.3	0.3	0.3	
Malawi				
1-24	637.9	52.3		
25-99	67.8	67.8	67.8	
1-99	705.7	120.1	67.8	
Mali				
1-24	12.4	11.0		
25-99	549.3	185.2	185.2	
1-99	561.7	196.2	185.2	
Niger				
1-24	1.7	0.7		
25-99	3.4	3.0	1.3	
1-99	5.1	3.7	1.3	
Rwanda				
1-24	0.3	0.3		
25-99	1.3	1.3	1.3	
1-99	1.6	1.6	1.3	
Somalia				
1-24	8.1	7.4	4.4	
25-99	4.0	4.0	4.0	
1-99	12.1	11.4	8.4	
Sudan				
1-24	1 719.8	1 092.9	10.7	
25-99	3 871.1	3 871.1	3 871.1	
1-99	5 590.9	4 964.0	3 881.8	
Uganda				
1-24	320.8	187.6	8.1	
25-99	1 202.0	1 202.0	1 202.0	
1-99	1 522.8	1 389.6	1 210.1	
United Republic of Tanzania				
1-24	1 826.5	1 688.6	23.5	12.4
25-99	32.2	7.0	7.0	
1-99	1 858.7	1 695.6	30.5	12.4
Upper Volta				
1-24	122.8	122.8		
25-99	1.7	1.0	1.0	
1-99	124.5	123.8	1.0	
Total Africa				
1-24	9 464.0	7 482.3	500.0	205.7
25-99	11 581.4	10 918.5	10 916.1	4 683.6
1-99	21 045.4	18 400.8	11 416.1	4 889.3
ASIA AND OCEANIA				
Afghanistan				
1-24	30.2	30.2	30.2	
25-99	6 757.0	3 790.6	3 790.6	1 815.8
1-99	6 787.2	3 820.8	3 820.8	1 815.8
Laos				
1-24				
25-99	2 932.6	2 927.1	2 927.1	
1-99	2 932.6	2 927.1	2 927.1	
Maldives				
1-24				
25-99				
1-99				
Nepal [a]				
1-24				
25-99	131.2	126.8	126.8	35.9
1-99	131.2	126.8	126.8	35.9
Western Samoa				
1-24				
25-99				
1-99				
Yemen				
1-24				
25-99	11.4	11.1	11.1	
1-99	11.4	11.1	11.1	
Total Asia and Oceania				
1-24	349.3	30.2	30.2	
25-99	9 832.2	6 855.6	6 855.6	1 851.7
1-99	10 181.5	6 885.8	6 885.8	1 851.7
LATIN AMERICA				
Haiti				
1-24	1 809.0	1 750.0	6.4	
25-99	651.0	647.3	647.3	
1-99	2 460.0	2 397.3	653.7	
TOTAL ALL LDDC				
1-24	11 622.3	9 262.5	536.6	205.7
25-99	22 064.6	18 421.4	18 419.0	6 534.3
1-99	33 686.9	27 683.9	18 955.6	6 740.0

[a] Includes Sikkim and Bhutan.

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports
AFRICA				
Botswana				
1-24	5 252.6			
25-99				
1-99				
Burundi				
1-24	480.1			
25-99				
1-99				
Chad				
1-24				
25-99				
1-99	205.0			
Dahomey				
1-24				
25-99				
1-99	124.5			34.9
Ethiopia				
1-24				
25-99				
1-99	8 269.7			1 653.1
Guinea				
1-24				
25-99				
1-99	965.4			829.1
Lesotho				
1-24				
25-99				
1-99	0.4			
Malawi				
1-24				
25-99				
1-99	40 389.2			4.6
Mali				
1-24				
25-99				
1-99	336.6			
Niger				
1-24				
25-99				
1-99	53.1			
Rwanda				
1-24				
25-99				
1-99	224.7			
Somalia				
1-24				
25-99				
1-99	54.0			
Sudan				
1-24				
25-99				
1-99	19 457.9			14.6
Uganda				
1-24				
25-99				
1-99	8 926.0			
United Republic of Tanzania				
1-24				
25-99				
1-99	70 463.2			10.2
Upper Volta				
1-24				
25-99				
1-99	8.0			
Total Africa				
1-24				
25-99				
1-99	155 210.4			2 546.5
ASIA AND OCEANIA				
Afghanistan				
1-24				
25-99				
1-99	26 938.5			3 242.2
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24				
25-99				
1-99	6.8			
Maldives				
1-24				
25-99				
1-99	0.8			
Nepal				
1-24				
25-99				
1-99	513.6			102.2
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24				
25-99				
1-99	160.1			
Yemen				
1-24				
25-99				
1-99	184.1			
Total Asia and Oceania				
1-24				
25-99				
1-99	27 803.9			3 344.4
LATIN AMERICA				
Haiti				
1-24				
25-99				
1-99	357.3			12.8
TOTAL ALL LDDC				
1-24				
25-99				
1-99	183 371.6			5 903.7

13. United States 1973

LDDC and CCCN chapters	Total imports	Dutiable imports	Covered imports	Preferential imports [a]
AFRICA				
Botswana				
1-24	3.8	3.8	3.8	3.8
25-99	10.6	5.3	5.3	5.3
1-99	14.4	9.1	9.1	9.1
Burundi				
1-24	15 380.0			
25-99	110.4	81.0		
1-99	15 490.4	81.0		
Chad				
1-24	6.2	4.5	4.5	4.5
25-99	2.8			
1-99	9.0	4.5	4.5	4.5
Dahomey				
1-24	1 352.8	1 352.8	1 352.8	1 352.8
25-99	31.7	16.1	13.6	13.6
1-99	1 384.6	1 368.9	1 366.4	1 366.4
Ethiopia				
1-24	75 479.4	651.2	650.3	650.3
25-99	3 041.5	1 189.3	1 183.6	1 183.6
1-99	78 520.8	1 840.5	1 833.9	1 833.9
Guinea				
1-24	1 169.9			
25-99	2 471.2	62.2	9.7	9.7
1-99	3 641.1	62.2	9.7	9.7
Lesotho				
1-24	0.4	0.4		
25-99	2.9	2.9	2.9	2.9
1-99	3.3	3.3	2.9	2.9
Malawi				
1-24	7 869.8	5 556.9	4 957.5	4 957.5
25-99	21.0	21.0	21.0	21.0
1-99	7 890.8	5 577.9	4 978.5	4 978.5
Mali				
1-24				
25-99	147.7	122.3	122.0	122.0
1-99	147.7	122.3	122.0	122.0
Niger				
1-24	4.1			
25-99	42.5	19.6	6.4	6.4
1-99	46.6	19.6	6.4	6.4
Rwanda				
1-24	11 542.7			
25-99	377.8	257.6	3.8	3.8
1-99	11 920.5	257.6	3.8	3.8
Somalia				
1-24	113.4	27.9	27.9	27.9
25-99	17.7			
1-99	131.1	27.9	27.9	27.9
Sudan				
1-24	6 134.2	1.7	1.7	1.7
25-99	2 491.6	1 612.3	6.4	6.4
1-99	8 625.8	1 614.0	8.1	8.1
Uganda [b]				
1-24	56 358.6	9.7	9.7	9.7
25-99	158.1	131.9	99.6	99.6
1-99	56 516.7	141.6	109.3	109.3
United Republic of Tanzania				
1-24	20 909.1	322.1	321.4	321.4
25-99	5 416.9	2 174.0	2 164.2	2 164.2
1-99	26 326.0	2 496.1	2 485.6	2 485.6
Upper Volta				
1-24				
25-99	16.4	15.2	14.5	14.5
1-99	16.4	15.2	14.5	14.5
Total Africa				
1-24	196 324.4	7 931.0	7 329.6	7 329.6
25-99	14 360.8	5 710.7	3 653.0	3 653.0
1-99	210 685.2	13 641.7	10 982.6	10 982.6
ASIA AND OCEANIA				
Afghanistan				
1-24	148.7			
25-99	2 103.9	1 438.3	100.2	100.2
1-99	2 252.6	1 438.3	100.2	100.2
Bhutan				
1-24				
25-99				
1-99				
Laos				
1-24	199.1	3.8	3.8	3.8
25-99	149.8	84.6	53.3	53.3
1-99	348.9	88.4	57.1	57.1
Maldives				
1-24				
25-99				
1-99				
Nepal				
1-24	56.5	56.5	53.9	53.9
25-99	1 681.4	137.6	52.5	52.5
1-99	1 737.9	194.1	106.4	106.4
Sikkim				
1-24				
25-99				
1-99				
Western Samoa				
1-24	117.3			
25-99	456.4	336.7	336.7	336.7
1-99	573.7	336.7	336.7	336.7
Yemen				
1-24	650.0	13.4	13.4	13.4
25-99	3 014.3	2 990.6	0.3	0.3
1-99	3 664.3	3 004.0	13.7	13.7
Total Asia and Oceania				
1-24	1 171.6	73.7	71.1	71.1
25-99	7 405.8	4 987.8	543.0	543.0
1-99	8 577.4	5 061.5	614.1	614.1
LATIN AMERICA				
Haiti				
1-24	15 297.0	5 209.5	3 728.6	3 728.6
25-99	44 900.9	36 404.9	21 569.6	12 327.5
1-99	60 197.9	41 614.4	25 298.2	16 056.1
TOTAL ALL LDDC				
1-24	212 793.0	13 214.2	11 129.3	11 129.3
25-99	66 667.5	47 103.4	25 765.6	16 523.5
1-99	279 460.5	60 317.6	36 894.9	27 652.8

[a] Assuming that the beneficiaries successfully fulfil notification and other origin requirements.

[b] Status as a beneficiary of the scheme is under consideration.

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THE GENERALIZED SYSTEM OF PREFERENCES AND THE LOMÉ CONVENTION

Report by the UNCTAD secretariat

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CONTENTS

ANNEXES

1. Protocol No. 22 to the Treaty concerning the Accession of Denmark, Ireland and the United Kingdom to the European Economic Community[1] stipulated that the enlarged Community was ready to pursue the policy of association with regard to the associated African and Malagasy States members of the Yaoundé Convention and envisaged at the same time that a number of Commonwealth developing countries might also be associated with the EEC.

2. The negotiations between the EEC and the countries concerned based on Protocol No. 22 were formally opened on 17 October 1973 and ended with the signing of the ACP-EEC Convention of Lomé on 28 February 1975.[2] The Convention was concluded for an initial period of five years ending 1 march 1980. It will enter into effect after ratification by the nine EEC member States and by at least two-thirds of the 46 African, Caribbean and Pacific States (ACP). Pending ratification, transitional arrangements lasting until 31 July 1975 provided for an extension of the main provisions of the Yaoundé Convention and the Arusha agreement and for maintenance of the *status quo* between the United Kingdom and the ACP Commonwealth countries. Since ratification of the Lomé Convention was not completed during the transitional period, the EEC Council adopted Regulation No. 1598/75 on the advance implementation of certain of its provisions relating to trade in goods.[3] This interim arrangement will apply until the Convention enters into force and until 29 February 1976 at the latest.

3. The objectives of the Convention are, according to its preambular part, *inter alia*

> ... to establish a new model for relations between developed and developing States, compatible with the aspirations of the international community towards a more just and more balanced economic order;
>
> ... to promote, having regard to their respective levels of development, trade co-operation between the ACP States and the Community and to provide a sound basis therefor in conformity with their international obligations;
>
> ... safeguarding the interests of the ACP States whose economies depend to a considerable extent on the exportation of commodities;
>
> ... to promote the industrial development of the ACP States by wider co-operations between these States and the member States of the Community.

4. The new Community partners under the Convention include 19 African and Malagasy States, signatories of the Yaoundé Convention; 21 Commonwealth developing countries, 12 of them being in Africa, 6 in the Caribbean and 3 in the Pacific, and 6 other African countries.[4]

5. Article 90 provides that

> Any request for accession to this Convention submitted by a State whose economic structure and production are comparable with those of the ACP States shall require approval by the Council of Ministers. The State concerned may accede to this Convention by concluding an agreement with the Community.

Presumably, therefore, accession to the Convention is open to other developing countries having comparable economic structure and production, although the Convention provides no definition of these two criteria. However, the Community has indicated that the possibility of accession by the former African colonies of Portugal remains open.[5]

6. Because of the different levels of economic development between the Community on the one hand and the new partners on the other, the Lomé Convention is in fact a one-way preference system in favour of the latter. In contrast to the GSP, which is confined to the area of tariffs, the Convention's preference system embraces the areas of trade and production as well as financial and technical assistance. Study of this Convention is therefore important not only because of its implications for the GSP but also because it provides a broader framework for development co-operation than the GSP. It should be noted, however, that the benefits of the Lomé Convention apply only to 46 ACP countries.

7. The present report does not propose to evaluate the trade and economic implications of the Convention because its real impact on developing beneficiary countries will depend on the utilization of the opportunities offered under the Convention. Of particular importance in this respect is whether or not financial assistance will prove to be commensurate with the development needs of ACP countries and also the effectiveness of industrial and trade co-operation arrangements, especially those concerning the stabilization of export earnings. Some of these aspects are outside the scope of this report.

[1] See United Kingdom, *Treaty Series, No. 1 (1973) - Part I* (London, H.M. Stationery Office, 1973), Cmnd. 5179-I, p. 263.

[2] For the text of the Convention of Lomé, see *O.J.E.C.*, vol. 19, No. L 25, 30 January 1976. See also *The Courier* (Brussels), No. 31 (special issue) March 1975, which contains a number of articles giving background information and in-depth analysis of the main provisions of the Convention. For a summary of the Convention see also *Information Memo* P-13, of February 1975, published by the Commission of the European Communities.

[3] See *O.J.E.C.* vol. 18, No. L 166, 28 June 1975.

[4] See annex I below for a list of these countries.

[5] See Commission of the European Communities, *Information Memo* P-13 (*op. cit.*), p. 3.

Chapter I

MAIN PROVISIONS OF THE CONVENTION OF LOMÉ

8. This chapter will discuss the main provisions of the Lomé Convention, namely, trade co-operation, export earnings from commodities, industrial co-operation, financial and technical co-operation and institutions.

A. Trade co-operation

9. In the field of trade co-operation, the objective of the Convention is

to promote trade between the Contracting Parties, taking account of their respective levels of development, and, in particular, of the need to secure additional benefits for the trade of ACP States, in order to accelerate the rate of growth of their trade and improve the conditions of access of their products to the market of the European Economic Community ... so as to ensure a better balance in the trade of the Contracting Parties.

In view of the diversity in economic situations among ACP countries, the Community took innovative steps to meet the particular needs of these countries.

1. Trade arrangements

10. Trade arrangements aim principally at setting up preferential access for exports from ACP countries in EEC markets. These arrangements are as follows.

(a) *Product coverage*

11. The Community will extend preferential treatment to all industrial and primary products in CCCN chapters 25-99 and as a general rule also to all agricultural products in CCCN chapters 1-24.

(b) *Tariff and charges of equivalent effect*

12. Imports from ACP countries by the Community will be made free of customs duties and charges having equivalent effect.[6] However, for agricultural products subject to the common agricultural policy (CAP) or to specific rules introduced as a result of CAP, the Community will as a general rule grant ACP countries treatment more favourable than that applicable to third countries. This treatment will consist of duty-free entry in the case of those products where the customs duty is the only form of import protection. For other agricultural products this treatment may consist of the partial or full reduction of the customs tariff or of the fixed component of protection, as the case may be. For selected agricultural products, the variable levy or variable component of the levy may also be reduced or eliminated.

13. The Community estimates that in 1973, total imports coming from the ACP countries amounted to about \$7.6 billion. The products subject to the common agricultural policy represented about \$1 billion, or 13.4 per cent of this total. Duty-free treatment will apply to 94.2 per cent of these agricultural imports with sugar accounting for 22.3 per cent. For the remaining 5.8 per cent (0.8 per cent of total imports), the ACP countries, as was explained above, are to receive more favourable treatment than that applied to third countries. In this connexion, the Council of the European Communities adopted Regulation (EEC) No. 1599/75 on the arrangements applicable to agricultural products subject to common organization of markets or special régimes.[7] These products include beef and veal; fishery products; oils and fats; cereals; rice; fruit and vegetables; products processed from fruits and vegetables; certain sugar confectionery, cocoa preparations, preparations of flour meal and certain food preparations; raw tobacco; flax and hemp; hops; live trees and other plants, bulbs, roots and the like, cut flowers and ornamental foliage; seeds; other products listed in annex II to the Treaty of Rome; and dehydrated fodder.

14. The arrangements concerning these products *vis-à-vis* third countries[8] provide, on the one hand, for the application of customs duties only on imports of a number of products. The Convention provides for exemption from these duties in article 2, paragraph 2 (a) (i). On the other hand the arrangements involve

the application of customs duties and import levies on beef and veal and on products processed from fruit and vegetables, the charging of levies in respect of cereals, rice and products processed from cereals and rice, the charging of an *ad valorem* duty and a variable component on certain goods resulting from the processing of agricultural products, the application of customs duties and other measures in respect of imports of fishery products, certain fruit and vegetables and oils and fats.[9]

The obligations of the Community arising from article 2 paragraph 2 (a) (ii) of the Convention may be fulfilled by granting total or partial exemption from import charges for the products in question originating from ACP countries.

15. The trade arrangements concerning the products mentioned above *vis-à-vis* ACP countries are briefly dis-

[6] Such treatment extends also to products within the competence of the European Coal and Steel Community. See Decision 75/371/ECSC of the Governments of the States members of the ECSC meeting in Council (*O.J.E.C.*, vol. 18, No. L 166, 28 June 1975, p. 83).

[7] *Ibid.*, p. 67.

[8] The trade arrangements in question have been established in the following EEC Council Regulations: No. 805/68 as amended by No. 1855/74 (beef and veal); No. 2142/70 as amended by No. 1182/75 (fishery products); No. 136/66 as amended by No. 1707/73 (oils); No. 120/67 as amended by No. 665/75 (cereals); No. 395/67 as amended by No. 668/75 (rice); No. 1035/72 as amended by No. 2745/72 (fruit and vegetables); No. 865/68 as amended by No. 98/75 (processed fruits and vegetables); No. 1059/69 (sugar confectionery, etc.); No. 727/70 as amended by the Treaty of Accession (raw tobacco); No. 1308/70 as amended by the Act of Accession (flax and hemp); No. 1696/71 as amended by the Treaty of Accession (hops); No. 234/68 as amended by the Treaty of Accession (line trees, etc.), No. 2358/71 as amended by No. 671/75 (seeds); No. 827/68 as amended by No. 1067/74 (certain products listed in annex II to the Treaty of Rome); No. 1067/74 as amended by No. 1420/75 (dehydrated fodder). A list of these regulations, together with the dates of their adoption and their publication, appears in the preamble to EEC Council Regulation No. 1599/75 (*loc. cit.*).

[9] See EEC Council Regulation No. 1599/75 (*loc. cit.*), pp. 68-69.

cussed below. They will apply until the Convention enters into force and until 29 February 1976 at the latest.

(i) *Beef and veal*

16. Beef and veal products referred to in article 1 of EEC Council Regulation No. 805/68 will be imported from ACP countries free of customs duties. However, for certain [10] of these products and until 31 December 1975, the duties on imports will be reduced by an amount to be fixed quarterly by the Commission and corresponding to 90 per cent of the average of import duties during a reference period. In the case of beef and veal falling within sub-heading 02.01 A II a of the Common Customs Tariff (CCT), exemption from customs duties would be partially or totally suspended if imports of those products in any one year from an ACP country exceed a quantity equivalent to the highest level reached between 1969 and 1974, plus a 7 per cent growth factor.

(ii) *Fishery products*

17. Fishery products referred to in article 1 of EEC Council Regulation No. 2142/70 will be imported from ACP countries free of customs duties.

(iii) *Oil and fats*

18. Oils and fats products referred to in article 1, paragraph 2 (a) and (b) of EEC Council Regulation No. 136/66 will be imported from ACP countries free of customs duties. In the case of oil seeds (CCT sub-heading ex 12.01 B), the Council may adopt special measures if imports of such products increase appreciably.

(iv) *Cereals*

19. The levy applicable to imports of maize (CCT sub-heading 10.05 B) will be that fixed in accordance with article 13 of EEC Council Regulation No. 120/67, reduced by 1.5 units of account per metric ton. The levy applicable to millet (CCT sub-heading 10.07 B) and of grain sorghum (CCT sub-heading 10.07 C) will be that fixed in accordance with article 13 of EEC Council Regulation No. 120/67, reduced by 50 per cent.

(v) *Rice*

20. The levy per 100 kg of product applicable to imports of rice (CCT heading 10.06) will be reduced as follows:

By 50 per cent and by 0.30 u.a. for paddy rice (10.06 A I) and for husked rice (10.06 A II);

By the amount corresponding to the fixed element of protection;

By 50 per cent of the levy thus reduced and by 0.45 u.a. for semi-milled rice (10.06 B I) and milled rice (10.06 B II);

By 50 per cent and 0.25 u.a. for broken rice (10.06 C).

21. The above provisions will apply only if the c.i.f. export price increased by the levy applicable to imports from ACP countries is equal to or more than

The threshold price, reduced by 0.30, 0.45 and 0.25 u.a. for husked rice, milled rice and broken rice, respectively;

The adjusted threshold price of husked rice reduced by 0.30 u.a. for paddy rice;

The adjusted threshold price of milled rice reduced by 0.45 u.a. for semi-milled rice.

22. The above exemptions may be totally or partially suspended in accordance with the procedure laid down in article 26 of EEC Council Regulation No. 359/67 if imports of rice from an ACP country exceed the average quantity of imports over the past three years, increased by 5 per cent.

(vi) *Products processed from cereals and rice*

23. The levy applicable to imports of the products listed in annex A to EEC Council Regulation No. 120/67 and of the products listed in article 1, paragraph 1(c) of EEC Council Regulation No. 359/67 will be reduced by the amount corresponding to the fixed element of protection. The variable element will be reduced by 0.15 u.a. per 100 kg for the products falling within sub-heading 07.06A; by 0.30 u.a. per 100 kg for products falling within heading 11.06; and by 50 per cent for the products falling within sub-heading 11.08 A V.

(vii) *Fruit and vegetables*

24. The following products will be imported free of customs duties: vegetables, fresh and chilled (07.01 F, G ex IV, S and T); citrus fruit, fresh or dried (08.02D and E; 08.08E and ex F; and 08.09). The customs duties on oranges (08.02A) and mandarins (08.02B) will be reduced by 20 per cent.

25. If, as a result of a large increase in imports of the above products from ACP countries, serious disruption or economic difficulties occur, articles 5, 6, 7 and 8 of EEC Council Regulation No. 1598/75 will apply.

(viii) *Products processed from fruit and vegetables*

26. The products listed in article 1 of EEC Council Regulation No. 865/68 will be imported from ACP countries free of customs duties. Levies will not be charged on selected products falling within CCT headings 20.06 and 20.07.

(ix) *Unmanufactured tobacco*

27. The tobacco products listed in article 1 of EEC Council Regulation No. 727/70 will be imported free of customs duties. Safeguard measures, including those intended to offset any deflection of trade may be taken by the Community if serious disruptions or economic difficulties occur as a result of a large increase in duty-free imports of the products falling within heading 24.01.

(x) *Food preparations, etc.*

28. The fixed element of protection will not be charged on imports of goods to which EEC Council Regulation No. 1059/69 applies. The variable element of protection will not be charged on all or selected goods falling within headings 17.04, 18.06, 19.02, 19.04, 19.07 and 19.08. These include chocolate products, preparations of flour, tapioca and sago, pastry and biscuits.

(xi) *Other products subject to common organization*

29. The products referred to in EEC Council Regulations Nos. 234/68, 827/68, 1308/70, 1696/71, 2358/71 and 1067/74 will be imported free of customs duties with the exception of cut flowers (06.03) and foliage, etc.

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[10] The products in question are those falling within subheadings 01.02 A II and 02.01 A II a of the Common Customs Tariff.

(06.04). The decision to grant these two items duty-free treatment has been deferred until the Community has had time to settle problems related to import arrangements for them.

(c) *Non-tariff barriers*

30. The Community will not apply to imports originating in ACP countries any quantitative restriction, or measures having equivalent effect, other than those which the member States apply among themselves. This measure will be applied without prejudice to the import treatment reserved for agricultural products subject to CAP or to a special régime. It will also be applied without prejudice to EEC treatment of certain products arising from implementation of world commodity agreements to which the Community and ACP countries are parties.

(d) *Non-reciprocity*

31. In view of the development needs of the ACP countries, the Convention provides that these countries are not required to assume, in respect of imports from the Community, obligations corresponding to those which the Community has undertaken in respect of imports from the ACP countries. In other words the Community grants preferences without reciprocity. On their part, the ACP countries have agreed not to discriminate among EEC member States. They have also agreed to grant to the Community treatment no less favourable than MFN treatment. ACP countries are thus free to choose their trade policies *vis-à-vis* the Community and other developed countries on the condition that these policies do not discriminate between the two to the disadvantage of the Community.

32. The obligation to grant to the Community treatment not less favourable than that to third countries does not, however, apply in respect of trade or economic relations between ACP countries, or between one or more ACP countries and other developing countries to which more favourable treatment could be applied. It is possible, therefore, for one or more ACP countries to enter into preferential arrangements with non-ACP developing countries without being under an obligation to extend similar treatment to the Community. This provision is important because it provides a favourable basis for further trade co-operation among developing countries.

(e) *Safeguards*

33. Safeguard measures may be taken by the Community or any member State if serious difficulties occur in a member State's economy or its external finances or in a region of the Community. These measures and the methods of applying them are to be notified immediately to the Council of Ministers.[11] In the adoption of such measures, priority will be given to those which would least disturb the trade relations among the Contracting Parties. Moreover, these measures should not exceed the limits of what is strictly necessary to remedy the difficulties that have arisen. At the request of the Contracting Parties concerned, consultations will be held within the Council of Ministers to ensure compliance with these provisions.[12] The Convention also provides for consultations to take place with a view to safeguarding the interests of ACP countries whenever the Community envisages concluding a "preferential trade agreement".

(f) *Rules of origin*[13]

34. For purposes of applying the Lomé Convention, goods imported by the Community are considered as originating from the ACP countries if they have undergone sufficient working or processing in one or more of these countries. Working or processing is considered sufficient if the goods obtained receive a classification under a tariff heading other than the one covering each of the products worked or processed. Exceptions to this rule are specified in lists A and B annexed to the Convention. These exceptions are on the whole more liberal than those applied under the Yaoundé Convention. For example, under the Yaoundé Convention rules, cocoa paste, cocoa butter and cocoa powder would qualify only if manufactured from originating beans, while under the rules of the Lomé Convention there is no exception with respect to these items, which means that they could be manufactured from non-originating beans.

35. The rules of origin further specify that the goods must be transported directly to the Community. Originating goods may pass through third countries provided that the transit is justified for geographical reasons or transport requirements and that the goods have not entered into commerce or been delivered for home use and have not undergone operations other than unloading, reloading or any operation designed to preserve them in good condition.

36. The rules of origin provide for cumulative treatment in the sense that ACP countries will be considered as one area with respect to originating products as defined above. Here again the rules are more liberal than those under the Yaoundé Convention which provided only for partial cumulation, i.e. cumulation was possible only with respect to materials or parts which were on their own considered as originating products.

37. The rules also provide for "Community content", that is to say that products wholly obtained or worked and processed in the Community will, when imported for further processing by one or more ACP countries, be considered as "originating products".

2. Trade promotion

38. The Convention provides for specific measures to help the ACP States to derive maximum benefit from the trade arrangements described above. Trade promotion

[11] The Council of Ministers includes members of the Council and of the Commission of the European Communities, and Government representatives from ACP countries. See paras. 60-65 below.

[12] During the advance implementation period of the Convention, the Community will take safeguard measures according to its own internal procedures, i.e. the Commission may authorize a member State to take safeguard measures and will notify such a decision to all member States. Any member State may refer the Commission's decision to the EEC Council of Ministers which may amend or annul the decision. See EEC Council Regulation No. 1598/75 (*loc. cit.*).

[13] During the advance implementation period, the rules of origin of the Lomé Convention will apply except for the institutional machinery which has been adapted to this circumstance. See EEC Council Regulation No. 1598/75 (*loc. cit.*), annex II.

activities include strengthening or creating liaison bodies for the development of the foreign trade of ACP countries; the training of staff in trade promotion; the participation of ACP countries in exhibitions and fairs; increased co-operation between traders in the Community and those in ACP countries; marketing studies, and the dissemination of trade information within the Community and the ACP countries.

B. Export earnings from commodities

39. In Protocol No. 22 to the Treaty of Accession, it was stated that

> The Community will have as its firm purpose the safeguarding of the interests of all [ACP countries] ... whose economies depend to a considerable extent on the export of primary products, and particularly of sugar.[14]

To meet this commitment, a system for the stabilization of export earnings (code-named STABEX) has been devised, as indicated in title II of the Convention. The aim of this system is to guarantee the stabilization of earnings from exports by the ACP countries to the Community of certain products.

1. The STABEX system

40. The products to which the STABEX System will be applicable include 12 basic products and products derived therefrom, bringing the total to 21.[15] The basic products include groundnuts; cocoa; coffee; cotton; coconut; palm, palm nut and kernel; raw hide, skins and leather; wood; bananas; tea; sisal, and iron ore.

41. These products have been selected on the basis of two classes of criteria. The Community took into account, on the one hand, the importance of the product to employment in the exporting ACP country, the deterioration in the terms of trade between the Community and the country concerned, and differences in the level of development, in particular the difficulties of the least developed, land-locked or island ACP countries.[16] On the other hand, the Community also took into account the extent to which exports from ACP countries to the Community are affected by fluctuations in price and/or quantity, and the dependence of these countries on these exports. A product covered by the STABEX system becomes eligible for compensation with respect to an ACP country (i.e. has reached the "dependency threshold") if during the year preceding the application, earnings from exports of the product or products to all destinations represented at least 7.5 per cent of a country's total earnings from merchandise exports. For sisal the percentage is 5 per cent. For the least developed, land-locked or island ACP States, the percentage is 2.5 per cent.

42. The Community has allocated 375 million units of account for the stabilization fund, divided into five equal annual instalments. The ACP country concerned is entitled to request a financial transfer if its earnings in a given year from the export of one of the products to the Community meet two conditions; they must fall below earnings in a reference period calculated on the basis of the average of the four preceding years, and this fall must be at least 7.5 per cent below the reference level. For the least developed, land-locked or island ACP countries, this "fluctuation threshold" is set at 2.5 per cent.

43. The financial transfer bears no interest. Countries receiving such a transfer must contribute to the reconstitution of the fund when the trends of their export earnings so permit.[17] Twenty-four countries considered as least developed among ACP countries are, however, exempted from this obligation.[18]

2. Provisions concerning sugar

44. The Community undertakes for an indefinite period to purchase and import specified quantities of cane sugar, raw or white, at guaranteed prices. The ACP countries concerned also undertake to supply such quantities.[19] The guaranteed price refers to unpacked sugar of standard quality and its expressed in EEC units of account c.i.f. European ports of the Community. It is negotiated annually, within the price range applicable to the Community's sugar production.

45. Protocol No. 3 to the Convention provides that the price of cane sugar can be freely negotiated between buyers and sellers and that the Community will not intervene if and when a member State allows selling prices within its borders to exceed the Community's threshold price. The decision of the Community to buy at guaranteed prices becomes operative when agreed quantities cannot be marketed in the Community at a price equivalent to or in excess of the guaranteed price.

46. For the period 1 February 1975 to 30 June 1976, the guaranteed prices have been set at 25.53 units of account per 100 kilogrammes for raw sugar[20] and at 31.72 units of account per 100 kilogrammes for white sugar.

3. Provisions concerning rum

47. Protocol No. 7, on rum, sets out the procedure for establishing the annual quantities which may be imported free of customs duties from Caribbean ACP countries with a view to protecting the rum production of certain of the French Overseas Departments. In this connexion, the Council of the European Communities adopted Regulation (EEC) No. 1600/75 providing that from 1 July until 31 December 1975 imports of rum, arrak and tafia (22.09 CI) originating in ACP countries will be made duty-free

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[14] Section III of Protocol No. 22 (see foot-note 1 above).

[15] For a complete list of products, see annex II below.

[16] The 34 ACP countries classified as least developed, land-locked or island countries are indicated in annex I below.

[17] Conditions for replenishing the fund are described in article 21 of the Convention.

[18] See annex I below.

[19] The supplying countries and the corresponding agreed quantities (in metric tons) are Barbados (49,300); Fiji (163,600); Guyana (157,000); Jamaica (118,300); Kenya (5,000); Madagascar (10,000); Malawi (20,000); Mauritius (487,200); People's Republic of the Congo (10,000); Swaziland (116,400); Trinidad and Tobago (69,000); Uganda (5,000); United Republic of Tanzania (10,000).

[20] The price of 255.30 u.a. per metric ton, corresponded on 1 February 1975 to a United Kingdom price of £151.15 per long ton; however, an agreement has been reached between the ACP countries and the United Kingdom on a price of £260 per long ton. See *The Courier*, No. 31 (Special issue) (*op. cit.*), p. 29.

within the limits of a Community tariff quota of 109,200 hectolitres of pure alcohol.[21] This tariff quota will be divided into two instalments; the first of 83,200 hectolitres will be for United Kingdom consumption, and the second of 26,000 hectolitres will be allocated among member States as follows: Benelux (2,275); Denmark (1,885); Federal Republic of Germany (16,900); France (3,900); Ireland (650) and Italy (390).

4. Provisions concerning bananas

48. The objective of protocol No. 6 on bananas, is that no ACP country should be placed in a less favourable position than before with regard to access to Community markets and that the ACP countries concerned, in particular Somalia, should be able to increase their banana exports to their traditional Community markets.

C. Industrial co-operation

49. In view of the pressing need for industrial development of ACP countries, the Convention calls for specific measures to bring about effective industrial co-operation between the Community and these countries. The aim is to promote a better distribution of industry both within and between ACP countries; to establish new industrial trade links; to facilitate the transfer of technology and promote the marketing of their industrial products by ACP countries in foreign countries; to encourage participation of ACP nationals in industrial development, in particular in small and medium-scale industry and to encourage Community firms to participate in such industrial development.

50. In order to attain these objectives, the Community will help to carry out projects and schemes submitted to it in the fields of industrial infrastructure and ventures, training, technology and research, small and medium-scale firms, industrial information and promotion, and trade co-operation. It will in particular contribute to the setting up and the extension of the infrastructure necessary for industrial development, particularly in the fields of transport and communications, energy and industrial research and training. It will contribute to the setting up and the extension in ACP countries of industries processing raw materials and industries manufacturing finished and semi-finished products. The Community and its member States will encourage participation of their firms and nationals in the industrial development efforts of ACP countries in conformity with the development objectives of these countries.

51. The Convention provides for institutional machinery in connexion with industrial co-operation. It established a Committee on Industrial Co-operation to oversee the implementation of the above measures, to examine the problems and to suggest appropriate solutions, and to report to the Committee of Ambassadors. It will also guide, supervise and control a newly created Centre for Industrial Development, which will be the body responsible for gathering and disseminating information on the conditions of and opportunities for industrial co-operation, arranging for the carrying out of studies on the possibilities and potential for industrial development of the ACP countries, organizing and facilitating contacts and meetings between Community and ACP countries' industrial policy-makers, promoters, and firms and financial institutions, and so on.

52. In creating new instruments for industrial co-operation, the framers of the Lomé Convention no doubt had in mind the experience of the Yaoundé Convention, which failed to promote industrialization in the associated countries in spite of the unlimited Community access it accorded to imports from those countries. These instruments therefore have special significance for ACP countries whose success in taking advantage of trade opportunities in EEC markets will depend to a great extent on their effective implementation.

D. Financial and technical co-operation

53. The provisions of the Convention covering financial and technical co-operation relate to the execution of projects and programmes which contribute essentially to the economic and social development of the ACP countries. To this end, the Community will allocate a total amount of 3,390 million units of account of which 3,000 million is to come from the European Development Fund (EDF),[22] and the remaining 390 million will be supplied by the European Investment Bank (EIB).

54. The Community aid can be broken down as follows:

	Millions of u.a.
Grants	2 100
Special loans	430
Risk capital	95
STABEX	375
Total from EDF	3 000
EIB loans	390
Grand total	3 390

55. Thus the bulk of the assistance granted will be made in the form of outright grants. The special loans will, as a general rule, be made for a duration of 40 years at a rate of interest of 1 per cent and with a grace period of 10 years. In order to assist the execution of industrial, mining and tourism projects of general interest to the economy of the country or countries concerned, the Community may grant assistance in the form of risk capital, either through minority holdings in the authorized capital of firms concerned or through second-priority or conditional loans. The loans granted by the EIB, for a

[21] See *O.J.E.C.*, vol. 18, No. L 166, 28 June 1975, p. 81. It should be noted that this item is excluded from preferences under the EEC scheme of generalized preferences.

[22] The EDF is made up of contributions from EEC member States according to fixed percentages, as follows: Belgium (6.25), Federal Republic of Germany (25.95), France (25.95), Italy (12), Luxembourg (.20), Netherlands (7.95), United Kingdom (18.70), Denmark (2.40) and Ireland (.60). See *The Courier*, No. 31 (special issue) (*op. cit.*), p. 33.

period not exceeding 25 years, will comprise an interest rate subsidy adjusted in such a way that the interest rate actually borne by the borrower will be not less than 5 per cent and not more than 8 per cent.

56. Financial aid will be extended to various projects and programmes in the fields of rural development, industrialization, agriculture, energy, mining, tourism, transfer of technology, small-scale industry, marketing, training, etc.

57. The Community will provide technical co-operation in the execution of these projects or programmes. This co-operation may be linked with investment, comprising studies and surveys in the preparation of projects, the preparation of dossiers, the execution and supervision of work, etc., or it may be of a general nature in the form of grants of scholarships for studies, the organization of training programmes, the provision of experts, advisers and technicians, etc.

58. The Convention provides that approximately 10 per cent (430 million u.a.) of total financial resources will be earmarked for financing regional projects. Special attention will also be paid to the needs of the least developed ACP countries to help them derive full advantage from the opportunities offered by financial and technical co-operation. A special appropriation from the EDF of 150 million u.a. will be set aside for exceptional aid to ACP countries facing serious difficulties as a result of natural disasters. Moreover an appropriation to be deducted from the grant aid will be used to finance small-scale schemes such as dams, wells and water supply systems, maternity homes, primary schools, etc.

59. The implementation of financial aid measures will be the object of close co-operation between the Community and the ACP countries. This co-operation will be achieved through active participation of the ACP country or countries concerned in each of the various stages of decision-making, i.e. aid programming, submission and appraisal of projects, preparation of financing decisions, execution of projects and final evaluation of the results.

E. Institutions

60. The institutional framework established under the Convention consists of the Council of Ministers, assisted by the Committee of Ambassadors and the Consultative Assembly.

61. The Council of Ministers is composed, on the one hand, of the members of the Council of the European Communities and of members of the Commission of the European Communities and, on the other hand, of a member of the Government of each of the ACP States. The office of President rotates between the two parties. In addition to administering the Convention, the Council of Ministers has the power to take such measures as are necessary for the attainment of the objectives of the Convention. The decisions are taken by common accord and are binding on the Contracting Parties.

62. The Committee of Ambassadors is composed, on the one hand, of one representative of each member State and one representative of the Commission and, on the other, of one representative of each ACP State. This Committee assists the Council of Ministers in the performance of its functions and carries out such other duties as are assigned to it by the Council. It also supervises the work of all the committees and all other bodies or working groups established under the Convention.

63. All the work necessary for the functioning of the Council of Ministers and the Committee of Ambassadors or other joint bodies is carried out by a common secretariat.

64. The Consultative Assembly is composed, on an equal basis, of members of the European Parliament and of representatives designated by the ACP States. The Assembly discusses and may adopt resolutions on matters concerning or covered by the Convention.

65. Any dispute which may arise concerning the interpretation or the application of the Convention may be placed before the Council of Ministers. Disputes can also be settled through an arbitration procedure.

Chapter II

IMPLICATIONS FOR THE GENERALIZED SYSTEM OF PREFERENCES

66. While the objectives of the Lomé Convention and the GSP are basically the same, since both aim at promoting the trade and economic development of many or all developing countries, the instruments used for this purpose differ in many respects. The differences stem from the fact that, in addition to improving market access for the exports of its beneficiaries, the Lomé Convention encompasses other measures of economic co-operation to ensure the success of its main objectives. The present chapter will, therefore, highlight the main differences between the EEC scheme of generalized preferences and the Lomé Convention regarding market access, including their implications, and will make particular reference to additional instruments of economic co-operation contained in the Convention.[23]

A. Differences with respect to trade arrangements

1. Legal status

67. Although both systems give effect to the principle of non-discrimination and non-reciprocity, the Lomé

[23] See annex III below for a comparative presentation of the two systems.

Convention is a binding commitment on the part of the Contracting Parties whereas the GSP is a unilateral undertaking on the part of the developed preference-giving countries which can be reduced or withdrawn at any time.

2. Market access

68. The Lomé Convention provides duty-free treatment for all dutiable products in CCCN chapters 25-99. The EEC scheme of generalized preferences, on the other hand, provides duty-free treatment for all dutiable products within these chapters with the exception of primary products up to the stage of ingot, and of jute and coir products to which partial tariff reduction applies. Moreover, preferential imports from the scheme's beneficiaries are subject to ceilings or tariff quota limitations, whereas no limitations are imposed on preferential imports from ACP countries.

69. The treatment of agricultural products in CCCN chapters 1-24 may be summarized as follows.

70. The Common Customs Tariff for 1975 lists agricultural products under 176 four-digit headings, or 1,244 tariff lines, nearly all of them dutiable. The type of protection on these items consists of customs duties or variable levies or a combination of the two. The Convention provides for elimination of customs duties and charges having equivalent effect on 385 of these tariff line items. These include fresh fish, molluscs and certain fish preparations, live plants, certain vegetables and fruits, coffee, tea, seeds, vegetable saps and extracts. Only 46 of these 385 items are covered by the EEC scheme with duty-free treatment applying to products attracting low MFN duties and on others, partial tariff reduction up to 50 per cent.

71. The remaining 859 tariff line items are subject to CAP or special régimes.[24] This category includes beef and veal; fishery products; oils and fats; cereals; rice; fruits and vegetables; products processed from fruits and vegetables; raw tobacco; flax and hemp; hops; plants, bulbs, etc.; seeds, dehydrated fodder, etc. The ACP countries are granted "as a general rule" more favourable treatment than the MFN treatment applied to imports of these products from third countries. This preferential treatment, as was seen in the preceding chapter, consists of elimination or reduction as the case may be of customs tariffs or of the fixed element of protection and, for selected products, of elimination or reduction of the variable levy or of the variable component of the levy. It should be recalled that, as a result of this treatment, the EEC estimated that about 94.2 per cent of total Community imports of agricultural products from ACP countries will enjoy duty-free treatment.

72. Only 148 of the 859 tariff line items are covered by the EEC scheme and the treatment consists of a relatively small reduction in tariffs or in the fixed element of protection.

73. Striking differences between the two systems also occur with respect to non-tariff barriers. While all quantitative import restrictions and measures having equivalent effect are completely eliminated under the Lomé Convention, there is no such provision under the EEC scheme; on the contrary, preferential imports are subject both to import limitations (tariff quotas, ceilings, maximum amounts) and to restrictions which apply to many products, and in particular textiles.[25]

3. Safeguards

74. Safeguard measures under the scheme of generalized preferences are of two types, escape clause generally with respect to agricultural products and *a priori* limitations with respect to industrial products. These safeguard measures may be taken unilaterally and without prior consultation. Under the Lomé Convention, the Community will rely exclusively on the standard escape clause. As was seen above, whenever escape action is taken, a mechanism of consultations comes into play to preserve the objectives of the Convention. Consultations will also be held when the Community envisages the conclusion of a preferential agreement. Presumably this provision does not affect the EEC scheme since the latter is considered a unilateral undertaking. The interests of ACP countries are, however, safeguarded through a specific clause to this effect in the EEC scheme itself.[26] They are also safeguarded through a specific provision in the Agreed Conclusions of the Special Committee on Preferences which states that

> Developing countries which will be sharing their existing tariff advantages in some developed countries as a result of the introduction of the generalized system of preferences will expect the new access in other developed countries to provide export opportunities at least to compensate them.[27]

4. Rules of origin

75. Both systems base the rules of origin on the process criterion. Non-qualifying and qualifying processes in lists A and B are to a large extent similar, but many of the process requirements are less stringent under the Lomé Convention. For example, under the GSP rules of origin with respect to chocolate and other food preparations containing cocoa (CCT heading 18.06), non-originating sucrose must not be used, and cocoa beans, cocoa paste, cocoa butter and cocoa powder may not exceed 40 per cent of the value of the product obtained. Under the Lomé rules, non-originating sugar may be used for up to 30 per cent of the value of the product obtained. In addition, non-originating cocoa beans, cocoa paste, cocoa

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[24] Including 10 tariff line items under CCT headings or subheadings 35.01 (casein), 35.05 (dextrin) and 54.01 (raw flax).

[25] For details of the import restrictions affecting products covered by the GSP, see "Inventory of non-tariff barriers, including quantitative restrictions, applied in developed market-economy countries to products of particular export interest to developing countries: report by the UNCTAD secretariat" (TD/B/C.2/115/Rev.1 and Corr.1).

[26] See introductory paragraphs to EEC Council Regulations Nos. 3045/74-3058/74 on the Community scheme of generalized preferences for 1975 (*O.J.E.C.*, vol. 17, No. L 329, 9 December 1974, circulated in document TD/B/538.

[27] Section II, para. 2, of the agreed conclusions adopted by the Special Committee on Preferences at the second part of its fourth session, reproduced as an annex to decision 75(S-IV) of the Trade and Development Board. For an analysis of the implications of the GSP on countries receiving special preferences see document TD/B/C.5/9,* paras. 51-67.

butter and cocoa powder may be used since the rule of change in CCCN heading applies. Moreover, although the process requirements are stringent under the Lomé Convention, they are considerably offset or relaxed as a result of the provisions for cumulative treatment and "Community content" included in the Convention. In contrast to this, there is no provision for "Community content" under the EEC scheme, and the partial cumulation granted under that scheme applies only to three regional groupings, i.e., the ASEAN countries, the Central American Common Market and the Andean Group.

B. Additional instruments of economic co-operation

76. The Lomé Convention did not limit itself to improving market access for ACP countries' exports in the Community. It also introduced other essential instruments of economic co-operation to make it possible for these countries to take full advantage of their new ties with that market. These instruments encompass trade promotion measures, stabilization of export receipts, industrial co-operation, and financial and technical co-operation.

77. Improvement of access to markets is likely to provide immediate benefits only to those ACP countries which are already exporters of the goods in question. In the case of others, additional measures are required to assist them further in taking full advantage of the newly created trade opportunities in EEC markets. The trade promotion measures provided for in the Convention aim therefore at expanding the exports of ACP countries, while the industrial co-operation measures aim not only at increasing the level of their industrialization but also at the diversification of these exports.

78. The Convention also includes innovative steps to stabilize the export earnings of those ACP countries which suffer from the adverse effects of price fluctuations with respect to their main commodity exports. The removal of uncertainty regarding foreign exchange earnings should enable these countries better to plan and implement their investment decisions with a view to improving their economic structure.

79. The Convention not only identifies the areas of economic co-operation but also provides financial means for the realization of specific projects and programmes which will contribute to the success of such co-operation. Finally, the Convention recognizes the need for special measures in all areas of economic co-operation for all ACP countries considered least developed, land-locked or island countries.

C. Concluding remarks

80. The above comparison between the Lomé Convention and the EEC scheme of generalized preferences calls for the following remarks.

81. First, under the Convention, the ACP countries derive advantages in EEC markets over and above those enjoyed by beneficiaries of the EEC scheme of generalized preferences. The commitment of the EEC to safeguard the interests of ACP countries has thus been respected.

82. Secondly, although the ACP countries will share, in EEC markets, the tariff advantages provided under the Convention with EFTA member States and to a certain extent also with developing countries beneficiaries of the EEC scheme of generalized preferences or those having association agreements with EEC, they will nevertheless to a certain extent receive offsetting tariff advantages in the markets of other preference-giving countries under the GSP.

83. Thirdly, the Lomé Convention provides a broader and more comprehensive framework for development co-operation than the scheme of generalized preferences. It benefits are, however, limited to 46 developing countries.

84. Recognizing the advantages of this Convention, a number of developing countries have already asked that its benefits should be extended to all developing countries. This request comes at a time when the Community has embarked on a formulation of an over-all development co-operation policy in favour of developing countries. In this connexion the European Parliament passed a resolution [28] stressing the need to lay down priorities for Community action, with particular regard to:

Improving generalized preferences;
Increasing technical assistance for sales promotion;
Extending industrial, scientific and technological co-operation;
Encouraging the conclusion of international agreements on raw materials;
Increasing financial co-operation.

85. In the same resolution, the Parliament asked the EEC Council and Commission "to give consideration to the abolition of non-tariff obstacles to trade". It also expressed the hope that the "stabilization fund to be set up under the new EEC/ACP Association Agreement will be a useful and constructive experiment in the area of primary commodities".

86. Thus the elements of the over-all development co-operation policy of the EEC in favour of all developing countries are by and large the same as those covered by the Lomé Convention. If the elements of such an over-all policy were effectively implemented with respect to other developing countries, the benefits would be considerable. There is no doubt that the prospects for the implementation by the EEC of such a comprehensive economic co-operation policy towards all developing countries would be greatly enhanced if efforts regarding such a policy were made by all developed countries on a concerted basis.

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[28] See *O.J.E.C.*, vol. 18, No. C 111, 20 May 1975, p. 22.

ANNEXES

ANNEX I

List of ACP countries

Signatories of the Yaoundé Convention

Burundi [a, b]
Cameroon
Central African Republic [a, b]
Chad [a, b]
Congo
Gabon
Dahomey [a, b]
Ivory Coast
Madagascar [a]
Mali [a, b]
Mauritania [a, b]
Mauritius [a]
Niger [a, b]
Rwanda [a, b]
Senegal
Somalia [a, b]
Togo [a, b]
Upper Volta [a, b]
Zaire

Members of the Commonwealth

Africa

Botswana [a, b]
Gambia [a, b]
Ghana
Kenya
Lesotho [a, b]
Malawi [a, b]
Nigeria
Sierra Leone
Swaziland [a, b]
Uganda [a, b]
United Republic of Tanzania [a, b]
Zambia [a]

Caribbean

Bahamas [a]
Barbados [a]
Grenada [a]
Guyana
Jamaica [a]
trinidad and Tobago [a]

Pacific

Fiji [a]
Western Samoa [a, b]
Tonga [a, b]

Others

Ethiopia [a, b]
Equatorial Guinea [a]
Guinea [a, b]
Guinea-Bissau [a, b]
Liberia
Sudan [a, b]

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[a] Least developed, land-locked or island ACP countries.
[b] Least developed ACP countries.

ANNEX II

List of products included in the STABEX system

1. *Groundnut products*:
   Groundnuts, shelled or not
   Groundnut oil
   Groundnut oilcake

2. *Cocoa products*:
   Cocoa beans
   Cocoa paste
   Cocoa butter

3. *Coffee products*:
   Raw or roasted coffee
   Extracts, essences or concentrates of coffee

4. *Cotton products*:
   Cotton, not carded or combed
   Cotton linters

5. *Coconut products*:
   Coconuts
   Copra
   Coconut oil
   Coconut oilcake

6. *Palm, palm nut and kernel products*:
   Palm oil
   Palm nut and kernel oil
   Palm nut and kernel oilcake
   Palm nuts and kernels

7. *Raw hides, skins and leather*:
   Raw hides and skins
   Bovine cattle leather
   Sheep and lamb skin leather
   Goat and kid skin leather

8. *Wood products*:
   Wood in the rough
   Wood roughly squared or half-squared, but not further manufactured
   Wood sawn lengthwise, but not further prepared

9. *Fresh bananas*

10. *Tea*

11. *Raw sisal*

12. *Iron ore*:
    Iron ores and concentrates and roasted iron pyrites

ANNEX III

Comparison between the EEC scheme of generalized preferences and the Lomé Convention

Lomé Convention	*EEC scheme of generalized preferences*
A. Objectives	
To establish a new model for relations between developed and developing countries	
To promote trade co-operation between the ACP States and the Community	
To improve access to the EEC market for ACP products in order to accelerate the rate of growth of their trade	To increase export earnings of the developing countries
To safeguard the interests of ACP States in view of their heavy dependence on exports of commodities	
To promote the industrial development of ACP States	To promote their industrialization
	To accelerate their rates of economic growth
B. Legal status and duration	
Non-discriminatory and non-reciprocal	Non-discriminatory and non-reciprocal
Binding commitment	Non-binding commitment
Entry into force for five years upon ratification by all EEC member States and two thirds of ACP states, with possibility of renegotiations and extension	Implemented on 1 July 1971 for an initial period of 10 years
Provisional application as from 1 July 1975	
	On 3 March 1975 the EEC Council of Ministers adopted a resolution recommending extension of the scheme beyond 1980 [a]
C. Beneficiaries	
46 ACP countries	107 countries (including 46 ACP) and 41 dependent or administered countries or territories

D. Scope of the arrangement

1. Trade co-operation

(a) *Product coverage*

	Lomé Convention	EEC scheme of generalized preferences
CCCN chapters 1-24	As a general rule all products	Selected products
CCCN chapters 25-99	All products	All products excluding primary commodities and metals up to the stage of ingots
		Product coverage varies as between beneficiaries

[a] See *Bulletin of the European Communities*, 8th year, No. 3, 1975, p. 54.

Lomé Convention	*EEC scheme of generalized preferences*
	(b) *Tariffs and charges with equivalent effect*
Elimination by the EEC of tariffs on imports of all products with the exception of agricultural products subject to Common Agricultural Policy or special régime. On imports of the latter products more favourable treatment than that accorded to third countries	Partial tariff reduction by the EEC on imports of products in CCCN 1-24 covered by the scheme (an average 6 percentage points tariff cut)
	Duty-free entry on imports of products in CCCN 25-99 covered by the scheme. Preferential imports admitted only to a level of partial pre-determined ceilings. Only tariff reduction for jute and coir products
Elimination of all charges which have equivalent effect to tariffs as above	No provisions
	(i) *Safeguards*
Escape clause type safeguards with information and consultation procedures (see also institutional arrangements below)	Escape clause type safeguard for products in CCCN 1-24 covered by the scheme
	A priori limitations of preferential imports of products in CCCN 25-99 covered by the scheme (tariff quota, tariff ceiling, ceilings and maximum amount limitations)
	(ii) *Rules of origin*
Based on process criterion	Based on process criterion
All ACP countries as one area for origin purposes (cumulative treatment)	Each beneficiary treated separately for origin purposes, and partial cumulative treatment recognized for three economic groupings (ASEAN, Central American Common Market and Andean Group)
Inputs of the EEC products considered as originating in ACP countries (EEC content)	No provisions
	(c) *Non-tariff barriers*
Elimination of all quantitative import and other restrictions with equivalent effect other than those which member States apply among themselves	No provisions
	(d) *Trade promotion*
	There are no specific provisions relating to trade promotion in the EEC scheme of generalized preferences. However, technical assistance in connexion with the scheme is provided under a special UNDP/UNCTAD project
	The EEC Commission
Trade promotion activities include strenthening of ties between exporters and importers, training, participation in exhibitions and fairs, marketing studies and dissemination of trade information	Participates in the UNDP/UNCTAD technical assistance project in disseminating information for the better utilization of its GSP scheme; and
	Provides technical assistance directly to individual or groups of beneficiary countries
	2. STABILIZATION OF EXPORT EARNINGS
ACP export earnings guaranteed by the EEC for 12 primary commodities: groundnut products, cocoa products; coffee products; cotton products; coconut products; palm, palm nut and kernel products; raw hides, skins and leather; wood products; fresh bananas; tea; raw sisal; iron ore	No provisions

Lomé Convention	*EEC scheme of generalized preferences*
Guarantee Fund of 375 million u.a. divided into five equal annual instalments. The 24 least developed ACP countries exempted from the obligation to replenish this fund	

3. Industrial co-operation

The Community will assist in carrying out programmes and projects in the fields of industrial infrastructure, training, technology and research, and small and mediu-scale industry. The Committee on Industrial Co-operation will oversee implementation of measures in this respect, and will report to the Committee of Ambassadors. It will also supervise the Centre for Industrial Development	No provisions

4. Financial and technical assistance

Financial aid extends to projects and programmes in rural development, industrialization, energy, mining, tourism, training, sales promotion, etc.	No provisions

	Millions of u.a.
Grants	2 100
Special loans	430
Risk capital	95
STABEX	375
Total from EDF	3 000
EIB loans	390
Grand total	3 390

5. Capital movements and establishment

Provisions are made to ensure compliance with the principle of non-discrimination and to prevent introduction of any measures inconsistent with other provisions of the Convention	No provisions

6. Institutional arrangements

Council of Ministers assisted by the Committee of Ambassadors and the Consultative Assembly. Decisions taken by the Council of Ministers are binding on the Contracting Parties. Disputes can also be settled through arbitration procedure	The operation and the effects of the GSP, including the EEC scheme, are reviewed periodically in UNCTAD, by the Special Committee on Preferences

Document TD/B/C.5/37

EFFECTS OF THE MULTILATERAL TRADE NEGOTIATIONS ON THE GENERALIZED SYSTEM OF PREFERENCES

Study by the UNCTAD secretariat

[*Original: English*]
[*11 November 1975*]

CONTENTS

Introduction

1. The purpose of this study is to provide the developing countries with some trade and tariff information on products falling within CCCN chapters 25-99 for possible use at the multilateral trade negotiations being held under the auspices of GATT. An underlying assumption is that if the negotiations succeed in achieving a global reduction in tariffs, the preferential margins available to the developing countries under the various GSP schemes will be eroded. The extent to which such an erosion is likely to affect the volumes and earnings of developing country exports cannot be ascertained accurately without a knowledge of the demand and substitution elasticities. This paper attempts to identify the products where the effect of erosion is most likely to be felt, and hence those in respect of which the retention of preferential margins or other compensatory measures may be desirable.

2. An earlier UNCTAD study on this subject concluded that the number of products of importance to developing countries for negotiating purpose at the multilateral trade negotiations was small in relation to the over-all number of tariff line items involved.[1] In addition, it suggested broad approaches for safeguarding and extending preferential treatment at the negotiations with respect to exports of these products exported from the developing countries.[2] The present study attempts to extend the analysis by focusing attention on a narrower range of products.

3. The multilateral trade negotiations offer a range of possibilities for safeguarding the interests of the developing countries in trade in manufactures and semi-manufactures. Between global MFN tariff cuts and generalized tariff preferences, there is a continuum of intermediate possibilities involving some combination of MFN reductions and the maintenance of preferential margins. While there is still no definite agreement on the techniques and modalities of tariff negotiations, there are a number of possible but not mutually exclusive ways in which special attention could be paid to the interest of the developing countries. These consist of (*a*) an improvement in the existing GSP schemes through expansion of product coverage, extension of duty-free treatment where not already provided for, elimination or relaxation of limitations on preferential imports and liberalization of origin requirements and administrative procedures; (*b*) smaller tariff cuts and/or a prolonged period of implementation of MFN tariff cuts in order to minimize in time the erosion of current GSP benefits; and (*c*) deep MFN tariff cuts, coupled with advance implementation and/or a shorter implementation period for these reductions in favour of developing countries with respect to products not likely to be covered by the GSP. In order to highlight these approaches and to assign priorities for negotiating purposes, it is necessary to focus attention on a selected range of products in respect of which initiatives by the developing countries at the multilateral trade negotiations may yield maximum benefits.

4. Preferential treatment for the developing countries may consist in arrangements whereby all or a major proportion of imports from the developing countries are permitted at zero or reduced tariff rates, with or without quantitative ceilings, while imports from other countries pay full MFN tariff rates. Alternatively, preferential margins for developing countries on selected products might be retained while the post-Kennedy Round MFN rates undergo a general reduction. Such preferences may either cause "trade creation", i.e., an increase in world trade, or they may cause "trade diversion", i.e., a decline in the exports of non-preferred countries.

5. This study takes a "welfare-oriented" view of preferences, and of the resulting trade creation and trade diversion, from the standpoint of the developing countries. Preferences for the developing countries can be beneficial in a number of ways. First, preferences can increase the return to exporters from the developing countries on products already being sold in preference-giving countries. This assumes that the difference between the preferential and MFN rates or a part of it is passed on to the exporters. These gains accrue to the developing countries without any extra cost in real resources to them. Secondly, preferences can reduce the importers' prices in preference-giving countries sufficiently to permit an increased quantity of products to be sold, and thus increase exports from the developing countries. Thirdly, the possibility that importers can appropriate the windfall gains from the revenue forgone offers them an inducement to switch to preferred developing country sources at the expense of MFN sources. Finally, preferences are likely to increase the export from the existing trade flows. The various effects of preferences, either singly or in combination, are expected to expand and diversify exports of the developing countries and to facilitate the process of their industrialization.

6. There are a number of industrial products with respect to which the maintenance of preferences in favour of the developing countries will not only create more trade as the sources of supply shift increasingly to those countries, but will also increase the quantity of real resources available to them. Preferential treatment as regards other products imported from the developing countries into individual developed countries will probably cause some trade diversion away from non-preferred developed countries. The maintenance of preferential margins on such products may be justified on the grounds that the benefits accruing to the developing countries are larger than the costs, if any, to the developed countries whose exports may suffer reduction. This trade

[1] Document TD/B/C.5/26*, annex II.D.

[2] *Ibid.*, paras. 23 *et seq.*

diversion has already been accepted as a necessary effect in the existing GSP schemes.

7. The question of preferential treatment for developing countries must be looked at in the context of an urgent need for the diversification and expansion of the export trade of these countries. Preferences, despite their initial inadequacies and inevitable lags in realization, are a viable instrument in providing the developing countries with maximum possibilities for participation in world trade in manufactures, while corresponding measures in their domestic economies are undertaken to increase their supply capabilities. The maintenance of preferential margins for the developing countries at the multilateral trade negotiations would be in conformity with the Tokyo Declaration.[3] In fact the Tokyo Declaration embodies commitments to "secure additional benefits for the international trade of developing countries" and to bring about "substantial improvement in the conditions of access for the products of [export] interest to the developing countries". It also specifically recognizes the importance of maintaining and improving the Generalized System of Preferences. These improvements have as their objective an increase in the foreign exchange earnings of developing countries, the diversification of their exports, and the acceleration of their economic growth. Towards these objectives, the Declaration recognized the importance of maintaining and improving the GSP as an application of differential measures to developing countries.

I. Purpose and methodology

8. An earlier UNCTAD study identified a total of 504 tariff line items in CCCN chapters 1-99, i.e., raw materials and manufactures, as being responsible for 90 per cent of the total value of developing countries' exports.[4] These products were those covered by the existing schemes of generalized preferences of EEC, Japan and the United States of America.[5] For the purposes of the present study a preliminary selection of 173 products was made from among the tariff line items falling within CCCN chapters 25-99 included in the earlier study, whether or not covered by the three schemes.[6] Two products, crude and non-crude petroleum and shale oils (CCCN Nos. 27.09 and 27.10), were immediately dropped from the analysis, since they play a disproportionately large part in the total exports of the developing countries and, in any event, trade problems connected with them are in the area of prices and quotas rather than in that of tariff protection.

9. Since comparable data were not available for a more recent period, the present study uses the 1967-1971 data on imports of products falling within CCCN chapters 25-99 into the following preference-giving countries or areas: Australia, Austria, Canada, the European Economic Community, Finland, Japan, New Zealand, Norway, Sweden, Switzerland and the United States of America. Thus the data cover virtually all the major developed market-economy countries.[7] The data on imports from developing countries refer to all such countries, according to the GATT designation.[8] The tariff data are based on "weighted" average of the post-Kennedy Round MFN rates as of January 1973.[9]

10. The purpose of this study is to examine individual import flows of the selected products with a view to assessing their importance to the developing countries and their relationship to the preference margins under the three existing GSP schemes.[10] This analysis can then be used to devise some notion of priority among groups of products and to draw policy conclusions relevant for the multilateral trade negotiations. After successive experiments, the following three criteria were established for developing "product profiles" and for ranking them in order of their sensitivity to preference margins:

(*a*) Products for which the developing countries as a group may be classified as "major suppliers" in the developed market-economy country markets. A cut-off point of a 50 per cent share in total imports of the given product was chosen as a working definition of major suppliers. Defining X_i as the value of developed market-economy countries' imports of the product i, a product may be classed as one for which the developing countries are major suppliers if

$$X_{i,\mathrm{DGC}}/X_{i,\mathrm{W}} \geq .50,$$

where subscripts denote sources of origin of imports, i.e. DGC stands for developing countries and W for world.

(*b*) Products for which the relative shares are greater in the developed market-economy countries' imports of all selected products from the developing countries than from the world. These are identified if

$$X_{i,\mathrm{DGC}}/\Sigma_i X_{i,\mathrm{DGC}} > X_{i,\mathrm{W}}/\Sigma_i X_{i,\mathrm{W}}$$

and may be designated as the "high relative share" category.

(*c*) Finally, products for which the rate of growth of imports from the developing countries is higher than the

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[3] Declaration of Ministers approved at Tokyo on 14 September 1973. For the text of the Declaration, see GATT, *Basic Instruments and Selected Documents, Twentieth Supplement* (Sales No.: GATT/1974-1), p. 19.

[4] TD/B/C.5/26*, annex II.D.

[5] The product coverage for the United States scheme was based on its preliminary submission to UNCTAD (TD/B/AC.5/34/Add.5/Rev.1 and Rev.1/Corr.1).

[6] The coverage of all three schemes has been updated in this study. The coverage for the United States scheme is based on the provisional offer.

[7] This study utilizes the data compiled by GATT for its *Basic documentation for the tariff study: summary by BTN headings—tariff 1973, imports 1970 and 1971* (Geneva, February 1974).

[8] The earlier UNCTAD study (TD/B/C.5/26*) was restricted to developing countries members of the Group of 77.

[9] The tariff averages refer to duty rates applying at each national tariff line "weighted" by the corresponding value of the country's own MFN imports, and are a combination of 11 individual tariffs.

[10] The GSP coverage reported in this study comprises the three major schemes of EEC, Japan and the United States of America, even though the import data refer to other industrial countries which have their own schemes of generalized preferences.

rate of growth of imports from all other countries during the corresponding period. Such products are identified if

$$X^R_{i,\mathrm{DGC}} > X^R_{i,\mathrm{W\text{-}DGC}}$$

where R is the annual rate of growth of imports during 1967-1971. This criterion, of course, implies that imports of such products from developing countries have been increasing at a rate faster than that of total imports in the developed market-economy countries, i.e.

$$X^R_{i,\mathrm{DGC}} > X^R_{i,\mathrm{W}}$$

11. The data relating to 171 products falling within CCCN chapters 25-99 for the years 1971 and 1967 were subjected to the above criteria. It may be useful to note at the outset that total imports of all products falling within CCCN chapters 25-99 (excluding petroleum products) supplied by the developing countries to the developed market-economy countries amounted to $16.9 billion in 1971. Of this total, imports of 171 products included in this analysis amounted to $11.2 billion, which is close to two-thirds of all imports of products falling within CCCN chapters 25-99 from the developing countries. The remaining imports from the developing countries, namely, $5.7 billion, are scattered in 617 tariff line items falling within CCCN chapters 25-99, and hence account for relatively small values under each individual product. Imports from all sources of 171 selected products account for only 9.2 per cent of all imports of products falling within CCCN chapters 25-99 into the 19 developed market-economy countries. The developing countries' share in such imports amounts to 19.5 per cent, approximately 80 per cent of imports being traded among the developed countries themselves.[11] These magnitudes are important in highlighting the role of preference margins for exports of developing countries. It should be emphasized, in this connexion, that all products falling within CCCN chapters 25-99 traded among developed market-economy countries of Western Europe receive unlimited preferential duty-free treatment in the context of the EEC, EFTA and the free trade agreements between the EEC and individual EFTA member States. This preferential duty-free treatment is broader and more favourable than the preferential tariff treatment granted by these Western European countries under the GSP. Consequently, the developing countries have, in West European country markets, preferential tariff advantage on the GSP-covered products falling within CCCN chapters 25-99 only with respect to imports of these products from non-European developed market-economy countries, socialist countries and other non-GSP beneficiaries.

II. Quantitative analyses and findings

12. The purpose of the first criterion (see para. 10(*a*) above) was to isolate those products for which the developing countries are either major suppliers or have a strong competitive position. Annex I, table 1, gives a description of the 19 products, showing the developing countries' share in total imports of each product by developed market-economy countries, the rate of growth of these imports between 1967 and 1971, and their relative share in total imports from the developing countries in the markets of developed market-economy countries.[12] The value of imports of the 19 products in 1971 amounted to $6.5 billion, which accounted for over half of total imports of the 171 products. Their individual shares in the total imports by developed market-economy countries in 1971 ranged from a low of 49.3 per cent to a high of 95.7 per cent. On the whole, about 75 per cent of the total imports of these products by developed market-economy countries originated in the developing countries. Except in the case of two products (CCCN headings 26.01 and 67.02), the share of these products in total imports steadily increased between 1967 and 1971. A majority of those products constitute traditional exports of the developing countries, such as metallic ores and textile products. The bulk of their value is accounted for by two products, namely, metallic ores (CCCN 26.01) and copper products (CCCN 74.01); while textile products (CCCN 60.05, 61.01, 61.03) account for a sizeable proportion of the total. As is shown in annex II, most of these products are covered under the three GSP schemes, the notable exception being textile products, which are not covered under the United States scheme. Textile products are also the products which are subject to relatively higher rates of tariff.

13. The fact that as regards these products the developing countries were able to increase their share in total imports by developed market-economy countries during 1967-1971 may imply that preference margins are not critical. On the other hand, the demonstrated capability of the developing countries to export these products makes the continuation of the GSP important. In the event of the continuation of the GSP, the preferential margins which normally accrue to the importers will increase their incentive to shift the sources of supply to preferred developing countries and may thus contribute to a further expansion of the latter's share in total imports. To a lesser extent, the difference between the GSP preferential rates and the MFN rates on existing imports may be transferred to the exporters and thus increase the export earnings of the developing countries without extra real resource cost to them.

14. The impact of preferences could be especially important in the case of those products which are subject

[11] These magnitudes may be summarized below:

	CCCN chapters 25-99	171 products
	(Billions of dollars)	
Imports into 19 developed market-economy countries:		
Total	142.4	79.1
Excluding petroleum	120.7	57.4
Imports from developing countries:		
Total	35.5	29.8
Excluding petroleum	16.9	11.2

[12] This relative share is based on total imports from the developing countries of the 171 products selected for this study.

to high duties. For some of these products, chiefly textiles, which are not covered by some of the existing GSP schemes and are not likely to be subsequently covered, developing countries' interest would be served by deep MFN tariff cuts on them.

15. The purpose of the second criterion (see para. 10(*b*) above) was to identify the products which constitute a sizeable proportion of developing countries' total exports to developed market-economy countries, even though their absolute magnitudes are not sufficient to place them in the category of major suppliers. Annex I, table 2, describes the products for which the relative shares are greater in the developed market-economy countries' imports of all selected products from the developing countries than from the world. These 45 products account for a total value of $2.5 billion and constitute roughly 23 per cent of total imports of selected products from the developing countries. The corresponding share of total developed market-economy countries' imports from the world is roughly half that from the developing countries, i.e. 12 per cent.

16. Developing countries have emerged as important exporters of these products, and depend on these to a significant degree for their foreign exchange earnings. The more important products in this list, according to the share in total imports of selected products from developing countries, are the following: [13]

	CCCN headings
Textile products	55.09, 61.02, 60.04, 55.05, 42.03 62.02, 60.03
Wood products	44.15, 44.14
Leather products	64.01, 42.02, 41.02
Chemical products	85.21, 33.01, 25.31, 29.39

17. It is with respect to these products that reductions of tariffs under the multilateral trade negotiations are likely to cause the highest degree of erosion of preferential margins for the developing countries, not only because these products play a large part in those countries' total exports, but also because such margins are crucial for diverting buyers to manufactured exports from the developing countries. By the same token, maintenance of preferential margins on the products under this category will confer significant benefits on the developing countries. Again, certain major export items of the developing countries attract high duties and some of them, such as textile products, are not covered by certain GSP schemes. It would be in the interest of the developing countries if all items were included in the existing GSP schemes and if the preferential margins were maintained at as high a rate as possible. On products which are likely to remain outside the GSP, the developing countries' interest would be served by the provision of MFN tariff cuts which are deep as possible.

18. Unlike the two previous criteria, the third criterion, that of growth rates (see para. 10(*c*) above) attempts to bring dynamic elements into the choice of products for possible preferential treatment. It isolates potential areas where preferential margins for the developing countries are likely to facilitate the process of their industrial growth. However, this criterion can have a real meaning only in a dynamic context, i.e., when total imports of a product by the developed market-economy countries show sustained growth. Annex I, table 3, describes 96 products the rate of growth of imports of which from the developing countries during 1967-1971 was higher than the rate of growth of imports from all other countries. These 96 products account for roughly $2 billion worth of imports and constitute 13 per cent of total imports of selected products from the developing countries. The more important products in this category in terms of their share in total imports from the developing countries are: [14]

	CCCN headings
Wood products	44.05, 94.01, 94.03, 44.28
Chemical products	39.07, 29.35, 29.13
Metal products	73.10, 73.13, 73.18, 76.01, 73.08
Machines and tools	84.06, 84.53, 84.55, 85.01, 85.15, 85.19, 87.06, 97.06, 85.18, 85.22

19. While the absolute values of imports of these products from the developing countries are still small, they showed a high rate of growth during the period 1967-1971. The fact that the rate of growth of imports of these products from the developing countries was higher than that of imports from all other countries indicates that the former are rapidly emerging as important export items of the developing countries, and that these countries are in the process of increasing their share in the total supply of imports. In many cases, particularly in chemical products and in manufactured consumer goods, imports from countries other than developing countries have declined, while imports from developing countries have shown very high positive growth rates. The following example illustrates this.

CCCN heading No.	*Rate of growth of imports from countries other than developing countries*	*Rate of growth of imports from developing countries*
29.13	−3.3	5.4
29.14	−2.0	4.1
35.03	−7.4	45.5
36.02	−2.4	65.0
69.11	−2.4	26.0
70.10	−5.3	29.0

In the case of all these products, total imports by developed market-economy countries declined in 1971 compared with 1967, and only imports from developing countries increased in both relative and absolute terms.

20. It must be pointed out that the very high rates of growth of imports from the developing countries, as shown in annex I, table 3, are in a number of cases due to the fact that the developing countries are starting from very low initial values in the base year. But this is not always the case.

[13] The details of these and other products in this category are given in annex I, table 2.

[14] For details of these and other products in this category, see annex I, table 3.

21. The three criteria employed made it possible to select a total of 160 products where some form of preferential treatment for the developing countries appears to be important.[15] It must be underlined, however, that these criteria are not mutually exclusive, and that they are by and large based on a static approximation even though they attempt to introduce some dynamic elements. Consequently they are unable to predict the range of products in which the developing countries may acquire future export capability. This would depend on a number of factors such as investment, productivity and technological change in the developing countries, as well as on their commercial policies. Moreover, future export capability in the field of manufactures in general may itself be a function of preferences.

III. Potential preference margins

22. The current preferential margins for the developing countries are defined by the existing MFN tariffs.[16] The post-Kennedy Round MFN tariff rates on the products selected for this study are rearranged in the table giving the frequency distribution of tariffs, which shows the value of imports from the developing countries, as well as their share in the total, falling under various tariff ranges.[17] The tariff on individual products ranges from 2 per cent to 36 per cent, while the larger proportion of imports are clustered at the lower end of this range. In fact, the tariff range of 2-10 per cent accounts for almost 53 per cent of the total value of imports from the developing countries.

23. But there are important discontinuities in the tariff range and the value of imports that falls under them. An idea of this discontinuity can be gained from the following distribution, derived from the table showing the frequency distribution of tariffs.

Tariff range	*Percentage of total imports from the developing countries*
2.1- 5.0	15.2
5.1-10.0	37.7
10.1-15.0	21.4
15.1-20.0	8.9
20.1-25.0	10.3
25.1-36.0	6.8

24. It will be seen that nearly half of the imports from developing countries are subject to relatively high tariff ranges, i.e. between 10 and 36 per cent. However, since the techniques and modalities of tariff-cutting at the multilateral trade negotiations are not yet known, it is difficult to give the precise magnitude of the possible erosion of GSP margins.[18]

Frequency distribution of tariffs [a]

Tariff range (Percentage)	*Value of imports (Millions of dollars)*	*Percentage of total*
2.1- 3.0	0.5	—
4.1- 5.0	1,698.2	15.2
5.1- 6.0	231.5	2.1
6.1- 7.0	405.0	3.6
7.1- 8.0	3,020.9	27.0
8.1- 9.0	245.4	2.2
9.1-10.0	317.9	2.8
10.1-11.0	217.8	1.9
11.1-12.0	273.0	2.4
12.1-13.0	580.9	5.2
13.1-14.0	829.8	7.4
14.1-15.0	494.4	4.4
15.1-16.0	54.4	0.5
16.1-17.0	740.2	6.6
17.1-18.0	10.5	0.9
18.1-19.0	100.2	0.9
19.1-20.0	7.2	—
20.1-21.0	72.4	0.6
21.1-22.0	262.1	2.3
22.1-23.0	10.2	—
23.1-24.0	697.5	6.2
24.1-25.0	129.7	1.2
25.1-26.0	23.3	0.2
27.1-28.0	665.8	5.9
28.1-29.0	4.9	—
35.1-36.0	86.2	0.7
TOTAL	11,179.9	100.2

Source: see annex II.

[a] The tariffs are based on 1973 post-Kennedy Round MFN rates.

IV. Tariff escalation

25. Although a detailed study of tariff escalation is outside the scope of this study, it is important to point out

[15] The rest of the 171 products initially included in the analysis did not meet any of the criteria or were dropped for other reasons. They are those corresponding to CCCN Nos. 25.18, 28.19, 28.42, 48.01, 50.01. 50.06, 53.11, 74.03, 76.02 and 93.02.

[16] The preference margins are also affected by quantitative ceilings and other restrictions under the GSP schemes.

[17] The tariff information used in this section is based on weighted average tariffs for 1971, as shown in annex II. Incidentally, it will be noticed that weighted average tariffs for 1967 shown in parentheses in annex II are in general higher than those for 1971. In fact, the tariff rates for both 1971 and 1967 are the post-Kennedy Round MFN rates which would have been in force once all Kennedy Round concessions had been fully implemented, while trade figures refer to the two different years. The discrepancy between the two rates, as seen in the table, arises from the changes in commodity composition in each of the four-digit CCCN categories during the intervening years. The changes in weights implied by changes in the value of trade at the tariff line level during the intervening period causes a discrepancy in the average tariff rates. A glance at the two rates in the table shows that the commodity composition of developing countries' exports in general has changed towards products with higher duties at the tariff line level.

[18] However, a tentative estimate of the erosion of GSP margins resulting from four alternative techniques of tariff cutting is shown in annex III.

some of its implications. The fact of tariff escalation by stages of processing has been extensively documented.[19] The tariff ranges on selected products analysed in this study also exhibit tariff escalation, as shown in the following summary.

Product group by stage of processing	*Number of products*	*Tariff range*	*Median value*
Raw materials	10	2.8- 8.6	6.9
Semi-manufactures	66	4.7-23.3	9.8
Manufactures	93	7.6-27.4	12.9

26. Tariff escalation is also visible in the case of individual sectors. Since the products included in the present analysis do not cover all the stages of processing in all sectors, tariff escalation can be illustrated only with reference to selected sectors. The following information refers to the "mineral products and fertilizers" sector, and covers the products included in this study.

Stage of processing, CCCN heading No. and product description		*Average weighted tariff*	*Median value*
Raw materials			
25.11	Natural baryum sulphate	8.6	
25.18	Dolomite	6.0	
25.31	Felspar, leucite, nepheline and nepheline syenite	7.7	7.7
Semi-manufactures			
68.11	Articles of cement	10.1	
68.15	Worked mica and articles of mica	9.1	
69.02	Refractory bricks, blocks etc.	6.2	
69.07	Unglazed setts, flags and paving, hearth and wall tiles	16.0	
69.08	Glazed setts, flags	17.9	10.1
Manufactures			
70.10	Carboys, bottle jars used for the conveyance and packing of goods	9.7	
70.13	Glassware for table, etc.	18.6	
70.14	Illuminating glassware, not optically worked nor of optical glass	12.6	
69.10	Sinks, wash basins and sanitary fittings	14.9	
69.11	Tableware of porcelain and china	25.1	14.9

27. Widespread tariff escalation in the post-Kennedy Round MFN rates raises a number of issues of interest to the developing countries at the current multilateral trade negotiations. If developing countries were to receive duty-free treatment on all products exported by them tariff escalation would be eliminated, but its negative effects might still persist with regard to other products in which developing countries have a potential export interest. To the extent that all stages of processing are involved, tariff escalation has been by and large eliminated on those developing countries' exports which at present receive duty-free treatment under the GSP. However, since many of their exports are not covered by the GSP or, if covered, receive only partial tariff reduction, the problem of tariff escalation remains. For instance, linear tariff cuts on these products will maintain tariff escalation. Similarly, MFN tariff cuts on the same products may lessen or increase the degree of tariff escalation, depending on the incidence with respect to the stage of processing, and the extent and distribution of individual tariff reductions. It is therefore important that tariff-cutting procedures at the trade negotiations should take into account the problem of tariff escalation.

[19] See "The effects of the Kennedy Round on the exports of processed goods from developing areas" by Bela Balassa (TD/69); GATT, *Basic documentation for the tariff study* (*op. cit.*), summary table No. 3: tariff and trade profiles by stages of processing.

V. Conclusions

28. This study has examined the import flows of the developing countries in 160 selected products falling within CCCN chapters 25-99 with a view to assessing their importance at the multilateral trade negotiations and a possible erosion of GSP margins. On the basis of products representing about three-fourths of developing countries' exports of products falling within CCCN chapters 25-99 to major industrial countries, the study suggests the following as the categories of products for which retention of preferential margins for developing countries might be considered:

(*a*) "Major supplier" category, comprising 19 products, with a total import value of $6.5 billion and representing over half of the developing countries' total exports of selected products;

(*b*) "High relative share" category, comprising 45 products, imports of which amount to a total of $2.5 billion;

(*c*) "High growth rate" category, comprising 96 products with a total value of $2 billion.

29. The total value of imports from the developing countries of the products included in the above categories amounts to $11 billion, out of total imports worth $121 billion (all consisting of imports of products falling within CCCN chapters 25-99, excluding petroleum), or barely 9 per cent of the total. The inclusion of this proportion of their industrial imports by the developed market-economy countries in a differential and preferential arrangement for the developing countries will favourably affect close to 70 per cent of those countries' exports of products falling within CCCN chapters 25-99.

30. Within this already limited number of products, priority consideration for preferential treatment might be given to items under categories (*b*) and (*c*), namely, high relative share and high growth rate products. Since most of these products are already covered under the existing GSP schemes, the greatest erosion of preferential margins as a result of the multilateral trade negotiations is likely to be felt in these products. By the same token, retention of preferences on these products through various methods discussed above in the introduction to the present study is potentially capable of diverting more trade to preferred developing countries. Such measures will have the effect of improving the international framework for greater participation by the developing countries in world trade in manufactures.

31. As for the products under the "major supplier" category, a mixture of preferences for developing countries and of MFN cuts may be considered. On certain

products where the developing countries supply nine-tenths of the markets of the developed market-economy countries (CCCN headings 57.10, 58.01, 67.04), deep MFN cuts might also be in their interest. On other products (CCCN headings 67.02, 97.02, 29.05) which are subject to relatively high tariffs and the greater part of imports of which is currently supplied by the developing countries, preferential tariff cuts in favour of developing countries will not only create more trade but will also divert more trade to them and away from non-preferred developed countries. Two of the products included in the list, namely, those falling under CCCN headings 26.01 and 74.01, which account for close to 40 per cent of total imports of selected products from developing countries, are by and large already duty-free on an MFN basis.

32. Of the 19 products for which the developing countries are "major suppliers", 7 are in textile sectors which are either excluded from many GSP schemes and not likely to be included in the future, or subject to ceiling or quota limitations in the matter of preferential imports. With respect these products, the developing countries may wish to press for deep MFN cuts by preference-giving countries which exclude them from their schemes and for elimination of limitations on preferential imports by countries which apply such limitations. These are also the products with high rates of tariff, ranging from 20 to 27 per cent.

33. On the basis of the analysis contained in this study, the developing countries at the multilateral trade negotiations may consider the following possible approaches:

(*a*) The various negotiating bodies should devote special attention, *inter alia* to the 160 products contained in annex I, tables 1, 2, and 3;

(*b*) The existing GSP margins should be retained wherever possible, particularly on products in tables 2 and 3 of annex I;

(*c*) If GSP margins are not retained, developing countries may wish to press for smaller than average tariff reductions and a prolonged period of phasing out of such reductions;

(*d*) They should seek deeper than average MFN cuts on products unlikely to be given preferential treatment, and advance or shorter implementation of these tariff cuts in favour of the developing countries. This includes mainly products in the textiles and leather products sectors, which are scattered in tables 1, 2, and 3 of annex I;

(*e*) They should seek deep MFN cuts on certain products in annex I, table 1, for which the developing countries are the preponderant source of supply.

ANNEXES

ANNEX I

Statistical tables

TABLE 1

Products for which developing countries are major suppliers

CCCN No. (1)	Product description (2)	Value of DMEC * imports from developing countries in 1971 (Millions of dollars) (3)	Share of imports from developing countries in total imports in DMEC * (Percentage) (4) 1971	1967	Rate of growth 1967-1971 (Per cent per year) (5)	Share in total imports of 171 products from developing countries (Ratio) (6)	Weighted average tariff (1973) (Percentage) (7)
26.01	Metallic ores and concentrates and roasted iron pyrites [a]	2,659.0	49.3	52.0	11.0	.2378	8.0
28.27	Lead oxides	8.5	66.9	48.9	5.4	.0008	11.8
29.05	Cyclic alcohols and their halogenated, nitrates or nitrosated derivatives	15.5	65.7	46.6	17.6	.0014	8.2
29.29	Organic derivates of hydrazine or of hydroxylamine	9.5	69.3	31.7	50.0	.0009	9.7
41.04	Goat and kid skin leather, except leather falling within headings No. 41.06, 41.07 or 41.08	73.6	75.5	55.2	18.0	.0066	7.5
44.20	Wooden picture frames and the like	6.7	54.5	26.6	33.5	.0006	10.3
57.10	Woven fabrics of jute	255.5	93.2	81.1	4.5	.0229	14.1
58.01	Carpets, carpeting and rugs, knotted (made up or not)	219.1	88.7	82.8	18.3	.0196	13.0
60.02	Gloves, mittens and mitts, knitted or crocheted, not elastic nor rubberized	30.4	64.8	45.5	15.5	.0027	24.2
60.05	Outer garments	665.8	55.2	22.1	41.5	.0596	27.4
61.01	Men's and boys' outer garments	385.0	51.4	27.1	35.0	.0344	24.0
61.03	Men's and boys' undergarments	154.8	68.8	44.1	27.0	.0138	21.2
61.04	Women's, girls' and infants' undergarments	24.1	65.5	46.8	22.5	.0022	20.7
61.10	Gloves, mittens, mitts, not being knitted or crocheted goods	7.2	67.3	51.9	15.2	.0006	20.0
62.03	Sacks and bags for the packing of goods	30.8	60.0	53.6	0.6	.0028	12.1
67.02	Artificial flowers, foliage or fruits	10.6	58.9	74.4	29.5	.0009	21.5
67.04	Wigs, fake beards and other articles of human hair	167.1	95.7	70.0	25.5	.0149	11.4
74.01	Copper matte, unwrought copper (refined or not) copper waste and scrap	1,696.0	62.5	53.6	0.5	.1517	4.1
97.02	Dolls	73.3	69.7	31.1	40.0	.0066	16.9
	TOTAL	6,492.5				.5808	

Source: See annex II.

* Developed market-economy countries.

[a] Although the share of this product is slightly less than 50 per cent, it is included in the major suppliers category because of its importance in the developing countries' trade.

TABLE 2

Products of high relative share for developing countries

CCCN No. (1)	Product description (2)	Value of DMEC* imports from developing countries, 1971 (Millions of dollars) (3)	Share in total imports from developing countries (Ratio) (4)	Share in total imports into DMEC* (Ratio) (5)	Rate of growth of imports from developing countries (Per cent per year) (6)	Weighted average tariff (1973) (Percentage) (7)
25.11	Natural baryum sulphate ... other than baryum oxide	3.4	.0033	.0002	1.5	8.6
25.31	Felspar, leucite, nepheline and nepheline syenite; fluorspar	54.9	.0049	.0020	27.5	7.7
28.05	Alkali ... mercury	11.3	.0010	.0005	— 3.6	5.6
28.10	Phosphorous pentoxide and phosphoric acids/meta- ortho- and pyro-	4.8	.0004	.0003	—	9.7
29.39	Hormones, natural or reproduced by synthesis	43.1	.0039	.0016	5.1	9.4
33.01	Essential oils, resinoids	57.1	.0051	.0025	5.6	7.8
41.02	Bovine cattle leather	66.0	.0059	.0029	16.9	10.2
41.03	Sheep and lamb skin leather ... except leather falling within headings No. 41.06, 41.07 or 41.08	37.0	.0033	.0013	8.8	6.5
41.05	Other kinds of leather except 41.08	17.9	.0016	.0009	11.8	7.4
42.01	Saddlery and harness for any kind of animal	3.7	.0003	.0003	30.0	11.2
42.02	Travel goods ... of leather ... of textile fabric	77.9	.0070	.0042	25.0	14.8
42.03	Articles of apparel and clothing accessories, of leather or of composition of leather	69.5	.0062	.0037	39.0	13.5
44.14	Veneer sheets ... whether or not reinforced with paper	59.3	.0053	.0027	23.0	8.0
44.15	Plywood, inlaid wood and wood marquetry	268.8	.0240	.0099	26.5	17.0
44.23	Builder's carpentry and joinery	16.0	.0014	.0014	36.5	9.0
44.24	Household utensils of wood	14.6	.0013	.0007	38.5	10.8
44.27	Standard lamps ... articles of wood for personal use ... parts of foregoing articles of wood	14.0	.0013	.0008	19.9	10.0
46.03	Basketwork ... articles of loofah	20.3	.0018	.0008	15.5	13.8
50.02	Raw silk (not throw)	42.8	.0038	.0025	25.0	6.2
50.09	Woven fabrics of silk or of waste silk, other than noil	37.2	.0033	.0015	24.0	12.3
55.05	Cotton yarn, not put up for retail sale	84.4	.0075	.0038	22.0	9.2
55.09	Other woven fabrics of cotton (A; B)	308.2	.0276	.0133	15.8	13.9
59.04	Twine, cordage, ropes and cables, plaited or not	30.8	.0028	.0012	12.2	15.0
60.03	Stocking, under stockings, socks ... not elastic nor rubberized	33.9	.0030	.0013	85.0	21.9
60.04	Under-garments ... not elastic nor rubberized	99.3	.0089	.0046	29.5	24.6
61.02	Women's, girls' and infants' outer garments	268.9	.0241	.0115	30.0	23.3
61.05	Handkerchiefs	5.7	.0005	.0005	— 3.9	17.2
61.09	Corset belts ... whether or not elastic	38.3	.0034	.0015	18.5	21.4
61.11	Made-up accessories for articles of apparel	3.2	.0003	.0001	42.0	16.1
62.02	Bed linen, table linen and other furnished articles	63.4	.0058	.0037	11.4	18.9
64.01	Footwear with outer soles and uppers of rubber	110.6	.0099	.0048	50.0	16.2
64.05	Parts of footwear ... of any material except metal	8.5	.0008	.0007	55.0	10.8
65.04	Hats and other headgear plaited or made from plaited	1.7	.0002	.0001	36.0	15.1
65.05	Hats and other headgear knitted or crocheted	20.0	.0018	.0008	70.0	23.1
68.15	Worked mica or articles of mica	2.4	.0002	.0001	10.7	9.1
71.16	Imitation jewellery	27.4	.0025	.0013	22.0	21.0
73.02	Ferro-alloys (A; B)	114.3	.0102	.0076	25.0	5.7
78.01	Unwrought lead ... lead waste and scrap	41.6	.0037	.0035	—10.6	8.2
79.03	Wrought plates, sheets and strips of zinc	3.5	.0003	.0003	— 8.6	7.3

TABLE 2 (*continued*)

Products of high relative share for developing countries

CCCN No. (1)	Product description (2)	Value of DMEC* imports from developing countries, 1971 (Millions of dollars) (3)	Share in total imports from developing countries (Ratio) (4)	Share in total imports into DMEC* (Ratio) (5)	Rate of growth of imports from developing countries (Per cent per year) (6)	Weighted average tariff (1973) (Percentage) (7)
83.06	Statuettes and other ornaments of a kind used indoors, of base metal	5.4	.0005	.0003	28.0	11.8
85.21	Thermionic valves and tubes; ... photocells; ... crystals	208.1	.0186	.0158	60.0	12.6
85.23	Insulated electric wire, cable ... whether or not fitted with connectors	15.8	.0013	.0007	11.3	12.2
96.01	Brooms and brushes	1.7	.0002	.0000	4.9	15.5
97.03	Other toys, working models of a kind	121.8	.0109	.0058	26.0	17.0
98.12	Combs, hair slides and the like	2.9	.0003	.0002	65.0	13.5
	TOTAL	2,541.4	.2274	.1242		

Source: See annex II.

* Developed market-economy countries.

NOTE: In some cases, the two relative shares shown in columns (*4*) and (*5*) are equal. In such cases, the table shows only those products where the value of imports from the developing countries is substantial relative to their total trade.

ANNEX I

TABLE 3

Products of high growth rate for developing countries

CCCN No. (1)	Product description (2)	Value of DMEC * imports from developing countries, 1971 (Millions of dollars) (3)	Rate of growth of imports from developing countries, 1967-1971 (Per cent per year) (4)	Rate of growth of imports from world minus developing countries 1967-1971 (Per cent per year) (5)	Rate of growth of total imports into DMEC * 1967-1971 (Per cent per year) (6)	Share in total imports from developing countries (Ratio) (7)	Weighted average tariff, 1973 (Percentages) (8)
27.13	Paraffin wax, micro crystalline wax - whether or not coloured	7.2	33.0	4.2	6.9	.0007	7.8
28.47	Salts of metallic acids	2.4	70.0	8.6	10.7	.0002	9.3
29.13	Ketones, quinones and their halogenated, sulphonated, nitrated or nitrosated derivatives	8.0	5.4	— 3.3	— 1.8	.0007	12.0
29.14	Monoacids and their halogenated derivatives	2.8	4.1	— 2.0	— 1.9	.0003	9.8
29.35	Heterocyclic components incl. nucleic acids	27.5	13.0	6.4	6.8	.0025	12.1
29.42	Vegetable alkaloids and other derivates	11.0	34.0	18.2	19.3	.0010	10.6
30.03	Medicaments (incl. veterinary medicaments)	18.1	36.5	8.1	8.7	.0016	10.0
35.03	Gelatin ... isinglass	1.8	45.5	— 7.4	— 6.5	.0002	13.5
36.02	Prepared explosives other than propellent powders	1.4	65.0	— 2.4	— 0.5	.0001	7.5
39.02	Polymerization	7.7	44.0	0.9	1.1	.0007	13.1
39.07	Articles of materials of the kind described in 39.01 to 39.06	106.6	48.5	3.0	7.2	.0095	14.9
40.11	Rubber tyres, tyre cases for wheels of all kinds	23.6	47.0	7.9	8.6	.0021	24.0
43.03	Articles of furskins	11.0	65.0	17.0	19.8	.0010	15.4
44.05	Wood sawn lengthwise, sliced or peeled (A; B)	286.0	11.3	6.8	7.4	.0256	6.1
44.28	Other articles of wood	14.0	15.7	10.0	10.7	.0013	10.2
48.09	Building board of wood pulp or of vegetable fibre	8.0	25.0	— 0.3	0.8	.0008	11.9
48.21	Other articles of paper pulp, paper, paperboard or cellulose wadding	6.0	65.0	0.8	2.3	.0006	12.5
50.05	Yarn spun from silk waste other than noil, not put up for retail sale	0.9	—	— 2.3	0.3	.0001	8.7
51.01	Yarn of made up fibres (continuous) not put up for retail sale	28.9	75.0	10.0	10.9	.0026	13.4
51.04	Woven fabrics of man-made fibres	14.0	28.0	3.4	4.0	.0013	20.7
54.03	Flax or ramie yarn, not put up for retail sale	0.8	70.0	—16.9	—15.3	.0001	10.8
56.01	Man-made fibre (discontinuous) not corded, combed or otherwise prepared for spinning	2.5	2.2	1.0	1.0	.0002	8.9
56.02	Continuous filament tow for manufacture of man-made fibres (discontinuous)	0.2	19.0	— 0.5	— 0.5	.0001	10.9
56.05	Yarn of man-made fibres (discontinuous or waste) not put up for retail sale	22.3	> 100.0	5.0	9.0	.0020	14.3
56.07	Woven fabrics of man-made fibres (discontinuous or waste) (A; B)	21.8	55.0	— 0.5	1.1	.0020	25.7
58.02	Other carpets, carpeting	21.3	17.2	— 3.6	— 2.5	.0019	18.6
58.05	Narrow woven fabrics	4.5	15.9	— 0.9	0.5	.0004	15.8
58.10	Embroidery in the piece, in strips or in motifs	2.6	14.7	0.7	1.0	.0002	18.1
59.03	Bonded fibre fabrics and articles of bonded fibre fabrics, whether or not impregnated or coated	1.2	14.4	13.3	13.3	.0001	16.3
59.17	Textile fabrics and textile articles of a kind commonly used in machinery or plants	1.0	35.0	4.7	5.0	.0001	10.3
60.01	Knitted or crocheted fabrics, not elastic or rubberized	24.5	100.0	16.9	18.4	.0022	21.1
61.06	Shawls, scarves and like	4.6	50.0	— 1.9	0.3	.0004	20.5

TABLE 3 (*continued*)

Products of high growth rate for developing countries

CCCN No. (1)	Product description (2)	Value of DMEC* imports from developing countries, 1971 (Millions of dollars) (3)	Rate of growth of imports from developing countries, 1967-1971 (Per cent per year) (4)	Rate of growth of imports from world minus developing countries 1967-1971 (Per cent per year) (5)	Rate of growth of total imports into DMEC* 1967-1971 (Per cent per year) (6)	Share in total imports from developing countries (Ratio) (7)	Weighted average tariff, 1973 (Percentages) (8)
62.04	Tarpaulins, sails and camping goods	1.7	25.0	— 1.6	— 0.4	.0002	17.0
64.02	Footwear with outer soles of leather	157.9	35.5	7.6	10.3	.0141	16.9
68.11	Articles of cement—reinforced or not	1.2	10.7	—14.6	—13.8	.0001	10.1
69.02	Refractory bricks, blocks	6.9	44.0	7.1	8.1	.0006	6.2
69.07	Unglazed setts, flags and saving, hearth and wall tiles	0.3	32.0	—19.1	—19.0	.0001	16.0
69.08	Glazed setts, flags	4.8	14.4	1.8	2.3	.0004	17.9
69.10	Sinks, wash basins, bidets, and like sanitary fittings	1.3	—	— 6.7	5.5	.0001	14.9
69.11	Tableware of porcelain or china	1.5	26.0	— 2.4	— 2.1	.0001	25.1
70.10	Carboys, bottle jars used for the conveyance or packing of goods	1.7	29.0	— 5.3	— 4.8	.0002	9.7
70.13	Glassware for table or indoor decoration	7.5	24.0	— 0.1	0.8	.0007	18.6
70.14	Illuminating glassware not optically worked nor of optical glass	6.4	25.0	— 1.2	1.0	.0006	12.6
71.12	Articles of jewellery	12.2	32.0	0.3	2.1	.0011	13.7
73.06	Puddled bars and pilings of iron or steel	2.2	32.0	—28.0	—25.0	.0002	4.7
73.08	Iron or steel coils for rerolling	13.5	32.0	— 0.3	0.5	.0012	6.5
73.09	Universal plates of iron or steel	2.0	22.0	5.0	5.6	.0002	7.4
73.10	Bars and rods A. Wire rod B. Other	18.8	34.0	— 4.6	— 4.0	.0017	6.5
73.11	Angles, shapes and sections of iron and steel (A; B)	6.6	22.0	— 1.7	— 1.5	.0006	5.5
73.13	Sheets and plates of iron or steel, hot-rolled or cold-rolled	52.8	37.0	3.7	4.2	.0047	8.2
73.14	Iron or steel wire, whether or not coated but not insulated	0.6	55.0	1.8	1.9	.0001	7.5
73.18	Tubes and pipes, excl. high-pressure hydro-electric conduits (A; B; C)	26.7	24.5	6.1	6.6	.0024	9.4
73.20	Tube and pipe fittings of iron or steel	5.7	33.5	5.1	5.7	.0005	11.6
73.40	Other articles of iron or steel (A ... D)	7.5	24.5	6.1	6.4	.0007	11.2
74.04	Wrought plates, sheets and strips of copper	5.6	6.8	— 3.2	— 2.6	.0005	7.8
74.07	Tubes and pipes of copper; hollow bars of copper	5.3	19.5	2.5	2.9	.0005	8.3
74.08	Tubes and pipe fittings of copper	2.2	19.0	— 0.3	0.8	.0002	11.3
76.01	Unwrought aluminium; aluminium waste and scrap	98.8	19.3	— 1.8	— 0.3	.0088	6.0
76.08	Structures of aluminium plates, rods, angles	0.8	70.0	— 0.2	0.3	.0001	10.9
82.05	Interchangeable tools for hand tools ... rock drilling bits	7.6	39.5	3.7	4.4	.0007	9.7
82.09	Knives with cutting blades	5.4	32.0	13.6	14.8	.0005	18.7
82.12	Scissors and blades therefor	2.3	46.5	3.5	6.0	.0002	20.4
82.14	Spoons, forks	10.2	31.0	12.7	14.8	.0009	22.3
83.07	Lamps ... of base metal	8.2	42.0	0.9	2.2	.0008	13.3
84.06	Internal combustion piston engines	25.2	49.0	7.2	7.5	.0023	8.9
84.10	Pumps ... screw, band and similar kind	4.3	37.5	5.0	5.2	.0004	8.7
84.22	Lifting, handling, loading or unloading machinery	5.3	50.0	3.6	3.8	.0005	8.1
84.45	Machine tools for working metals	10.0	46.0	—	0.3	.0009	7.6

TABLE 3 (*concluded*)

Products of high growth rate for developing countries

CCCN No. (1)	Product description (2)	Value of DMEC* imports from developing countries, 1971 (Millions of dollars) (3)	Rate of growth of imports from developing countries, 1967-1971 (Per cent per year) (4)	Rate of growth of imports from world minus developing countries 1967-1971 (Per cent per year) (5)	Rate of growth of total imports into DMEC* 1967-1971 (Per cent per year) (6)	Share in total imports from developing countries (Ratio) (7)	Weighted average tariff, 1973 (Percentages) (8)
84.52	Calculating machines ... machines incorporating a calculating device	6.9	18.5	12.7	12.8	.0006	9.3
84.53	Statistical machines ... auxiliary machines for use with such machines	19.1	14.8	3.4	3.6	.0017	8.9
84.55	Parts and accessories for use with machines	59.5	90.0	9.8	12.0	.0053	7.7
84.61	Taps, cocks, pressure reducing valves	6.2	41.0	5.3	5.4	.0006	11.6
84.63	Transmission shafts, cranks and shaft couplings	4.9	49.0	3.1	3.4	.0004	8.3
85.01	Electrical goods ... inductors	37.1	50.0	5.6	6.6	.0033	8.6
85.04	Electric accumulators	1.6	70.0	4.6	5.1	.0001	11.2
85.12	Electric instantaneous or storage water heater ... electrothermic domestic appliances	8.5	70.0	8.6	9.5	.0008	10.2
85.14	Microphones and stands therefor	5.0	40.0	13.3	13.7	.0004	9.9
85.15	Radiotelegraphic ... radio remote control apparatus	365.0	48.0	10.1	13.7	.0326	13.1
85.18	Electric capacitors fixed or variable	20.7	60.0	1.6	5.7	.0019	10.7
85.19	Electric apparatus for making or breaking electrical circuits ... control panels	30.8	60.0	4.1	4.8	.0028	9.8
85.22	Electrical goods and apparatus A. Particle accelerators B. Other	27.2	31.0	3.3	6.6	.0024	10.0
85.28	Electric parts of machinery	14.8	32.0	— 6.5	2.9	.0013	9.2
86.07	Railway and tramway goods vans, goods wagons and trucks	2.3	55.0	7.2	9.6	.0002	13.2
87.06	Parts and accessories of motor vehicles	36.0	75.0	4.7	4.9	.0032	10.4
87.12	Parts and accessories of vehicles falling within headings No. 87.09 ... 87.11	4.2	47.0	9.2	10.0	.0004	10.8
87.14	Other vehicles ... not mechanically propelled and parts thereof	10.3	80.0	— 1.4	— 1.0	.0009	10.3
90.17	Medical, dental, surgical and veterinary instruments and appliances	4.8	39.0	12.4	12.7	.0004	11.5
90.28	Electrical measuring, checking, analysing instruments and apparatus	10.1	16.4	5.4	5.4	.0009	10.4
91.09	Watch cases and parts of watch cases, incl. blanks thereof	7.2	32.4	11.3	13.7	.0006	15.3
92.02	Other stringed musical instruments	2.8	60.0	16.3	18.7	.0003	13.1
92.11	Gramophones, dictating machines, tape decks	13.3	50.0	9.2	9.6	.0012	9.4
92.12	Gramophones, records	9.3	50.0	6.0	7.0	.0008	7.8
93.04	Other firearms, line throwing guns and the like	1.9	100.0	2.5	3.3	.0002	12.6
94.01	Chairs and other seats and parts thereof	42.3	23.5	8.9	10.4	.0038	11.8
94.03	Other furniture and parts thereof	29.7	19.3	0.7	1.9	.0027	11.2
97.06	Appliances, apparatus for gymnastics or for sports and outdoor games	30.0	40.0	19.9	17.8	.0027	12.2
	TOTAL	2,036.7				.1301	

Source: annex II.

* Developed market-economy countries.

NOTE. Products for which the rate of growth for developing countries was negative, even though higher than that of developed countries, have been eliminated from this table.

ANNEX II

Imports of 171 selected products into 19 developed market-economy countries in 1971 and 1967 and average tariff rates in 1973

CCCN No. (1)	Description of products (2)	Imports into 19 developed market-economy countries (millions of dollars): Total 1971 (1967) (3)	Imports into 19 developed market-economy countries (millions of dollars): From developing countries 1971 (1967) (4)	Weighted average tariff 1973 (1967) (Percentages) (5)	Major suppliers [a] (6)	Coverage by GSP schemes of EEC, Japan and USA (7)
25.11	Natural baryum sulphate other than baryum oxide	11.0 (11.6)	3.4 (3.2)	8.6 (2.9)	Peru, Mexico, Morocco	ex Japan; USA
25.18	Dolomite	4.2 (11.8)	0.5 (0.8)	6.0 (3.3)	Yugoslavia	USA
25.31	Felspar, leucite, nepheline and nepheline syenite; fluorspar	117.9 (54.4)	54.9 (20.7)	7.7 (2.4)	Mexico, Brazil	ex EEC; USA
26.01	Metallic ores and concentrates and roasted iron pyrites (A-S)	3,389.0 (3,358.5)	2,659.0 (1.747.1)	8.0 (1.5)	Brazil, Gabon, Morocco, Ghana, India, Zaire, Western Africa, Mexico, Ivory Coast, Malaysia, Southern Africa, Peru, Honduras, Bolivia, Chile, Iran, Guatemala, Colombia	ex Japan; USA
27.13	Paraffin wax, Micro-crystalline wax, ... whether or not coloured	47.2 (36.2)	7.2 (2.3)	7.8 (2.1)	Indonesia, Burma, India, Mexico, Yugoslavia, Iraq	ex EEC
28.05	Alkali ...; Mercury	32.9 (59.3)	11.3 (13.1)	5.6 (1.9)	Mexico, Philippines, Peru	Japan; USA
28.10	Phosphorus pentoxide and phosphoric acids/meta-, ortho- and pyro-	15.2 (13.2)	4.8 (0)	9.7 (4.4)	Mexico	EEC; Japan; USA
28.19	Zinc oxide and zinc peroxide	10.1 (8.2)	1.3 (1.2)	9.9 (6.7)	Mexico	EEC; Japan; USA
28.27	Lead oxides	12.7 (14.1)	8.5 (6.9)	11.8 (6.5)	Mexico, Yugoslavia, Zambia	EEC; Japan; USA
28.42	Carbonates and percarbonates, ... (A; B)	40.5 (41.8)	1.1 (1.1)	9.8 (5.9)	Kenya	EEC; Japan; USA
28.47	Salts of metallic acids ...	26.7 (17.8)	2.4 (0.3)	9.3 (4.9)	Republic of Korea	EEC; Japan; USA
29.05	Cyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives	23.6 (17.4)	15.5 (8.1)	8.2 (6.8)	Brazil, Yugoslavia, Argentina, Paraguay	EEC; Japan; USA
29.13	Ketones ... Quinones ... and their halogenated, sulphonated, nitrated or nitrosated derivatives	55.9 (61.2)	8.0 (6.5)	12.0 (7.3)	Mexico, Panama, India, Iran	ex EEC; ex Japan; USA
29.14	Monoacids ... and their halogenated ... derivatives	106.9 (115.3)	2.8 (2.4)	9.8 (11.4)	Mexico, Panama, Yugoslavia	EEC; Japan; USA

Imports of 171 selected products into 19 developed market-economy countries in 1971 and 1967 and average tariff rates in 1973

CCCN No. (1)	Description of products (2)	Imports into 19 developed market-economy countries (millions of dollars): Total 1971 (1967) (3)	Imports into 19 developed market-economy countries (millions of dollars): From developing countries 1971 (1967) (4)	Weighted average tariff 1973 (1967) (Percentages) (5)	Major suppliers [a] (6)	Coverage by GSP schemes of EEC, Japan and USA (7)
29.29	Organic derivatives of hydrazine	13.7 (6.0)	9.5 (1.9)	9.7 (6.0)	Mexico	EEC; Japan; USA
29.35	Heterocyclic compounds, including nucleic acids	427.7 (328.9)	27.5 (16.9)	12.1 (6.9)	Dominican Republic, Mexico, Morocco, India, Yugoslavia, Honduras, Guatemala, Lebanon, Egypt, Sri Lanka, Peru, Argentina	EEC; Japan; USA
29.39	Hormones, natural or reproduced by synthesis	91.4 (94.2)	43.1 (35.3)	9.4 (4.3)	Mexico, Panama, Honduras, Argentina, Venezuela, Yugoslavia	ex EEC; Japan; USA
29.42	Vegetable alkaloids ... and other derivatives	112.6 (55.6)	11.0 (3.4)	10.6 (4.5)	Zaire, Indonesia, Bolivia, India, Guinea, Egypt	ex EEC; Japan; USA
30.03	Medicaments (inc. veterinary medicaments)	564.2 (404.5)	18.1 (5.2)	10.0 (5.5)	Republic of Korea, Argentina, Mexico	EEC; Japan; USA
33.01	Essential oils ... Resinoids	143.9 (137.0)	57.1 (45.9)	7.8 (3.5)	Ivory Coast, Guinea, Argentina, Brazil, Morocco, Cuba, Cyprus, Mali, India, Paraguay, Trinidad and Tobago, Mexico, Jamaica, Haiti, Tanzania, Dominican Republic, Honduras	ex EEC; Japan; USA
35.03	Gelatin ... Isinglass	28.9 (37.3)	1.8 (0.4)	13.5 (8.1)	Brazil, Uruguay, Yugoslavia, Argentina	EEC; Japan; USA
36.02	Prepared explosives, other than Propellent Powders	15.8 (16.1)	1.4 (0.2)	7.5 (4.9)	Yugoslavia	EEC; Japan; USA
39.02	Polymerisation ...	915.5 (877.5)	7.7 (1.8)	13.1 (10.3)	India, Chile	EEC; Japan; USA
39.07	Articles of materials of the kinds described in 39.01 to 39.06	557.6 (422.5)	106.6 (21.9)	14.9 (12.8)	Trinidad and Tobago, El Salvador, Syria, Costa Rica, Honduras, Morocco, Republic of Korea, Thailand, Malaysia, Mexico, Philippines, Pakistan, Dominican Republic, Singapore, Colombia, Haiti, Brazil, Venezuela, Argentina, India	EEC; Japan; USA
40.11	Rubber tyres, tyre cases ... for wheels of all kinds	667.4 (480.0)	23.6 (5.1)	24.0 (13.2)	Yugoslavia, Algeria, Brazil, Panama, India, Zaire, Ghana, Malaysia, Lebanon, Pakistan, Venezuela, Argentina, Thailand, Indonesia, Saudi Arabia, Singapore, Libya, Tanzania, Kuwait, El Salvador	EEC; Japan; USA
41.02	Bovine cattle leather ...	166.3 (183.6)	66.0 (35.3)	10.2 (10.1)	Uruguay, Argentina, Brazil, Yugoslavia, Morocco, Colombia, Thailand, Madagascar, Honduras, India, Nigeria, Senegal, Pakistan, Peru, El Salvador, Iran, Kenya, Bolivia, Lebanon, Venezuela	ex EEC; Japan; USA
41.03	Sheep and lamb skin leather, ... except leather falling within headings No. 41.06, 41.07 or 41.08	75.8 (88.0)	37.0 (26.4)	6.5 (6.8)	India, Pakistan, Colombia	ex EEC; Japan; USA

41.04	*Goat and kid skin leather, except leather falling within headings No. 41.06, 41.07 or 41.08*	97.5 (68.7)	73.6 (37.9)	7.5 (6.4)	Pakistan, India, Lebanon, Indonesia, Nigeria, Brazil	Japan; USA
41.05	Other kinds of leather, except ... 41.08	52.6 (40.0)	17.9 (11.5)	7.4 (6.5)	Argentina, Bolivia, Pakistan, Paraguay, Singapore, Brazil, Ivory Coast, Congo, Gabon, Yugoslavia, Cameroon, Zaire, Peru, Morocco, El Salvador, Senegal, Chile, Ecuador, Ghana, Malaysia, India, Burma, Mexico, Philippines, Iran, Colombia, Venezuela	ex EEC; Japan; USA
42.01	Saddlery and harness, for any kind of animal	16.7 (8.6)	3.7 (1.3)	11.2 (9.6)	Mexico, Argentina, India, Peru, Dominican Republic	EEC; Japan; USA
42.02	Travel goods ... of leather ... of textile fabric ..	240.2 (185.5)	77.9 (31.9)	14.8 (13.4)	Yugoslavia, Morocco, Lebanon, India, Republic of Korea, Iran, Pakistan, Thailand, Egypt, Colombia, Mexico, Singapore, Syrian Arab Republic, Brazil, Uruguay, Tunisia, Philippines, Libyan Arab Republic, Afghanistan, Argentina, Kenya, Nepal, Cuba, Nicaragua, Jamaica, Trinidad and Tobago, Cyprus, Dominican Republic, Sri Lanka, Haiti	EEC; Japan; USA
42.03	Articles of apparel and clothing accessories, of leather or of composition of leather	211.0 (102.4)	69.5 (18.6)	13.5 (13.1)	Yugoslavia, Afghanistan, Morocco, Argentina, Jordan, Mexico, India, Brazil, Iran, Tunisia, Bolivia, Kenya, Peru, Sierra Leone, Republic of Korea, Pakistan, Philippines	EEC; USA
43.03	Articles of furskin	90.0 (43.6)	11.0 (1.4)	15.4 (12.9)	Yugoslavia, Afghanistan, Iran, Argentina, Lebanon, Pakistan, Kenya, Morocco, Peru, India, Uruguay, Tunisia, Saudi Arabia, Mexico, Brazil, Colombia, Pakistan, Republic of Korea, Ecuador, Bolivia, Philippines, Madagascar	EEC; Japan; USA
44.05	Wood sawn lengthwise, sliced or peeled ... (A; B)	1,833.0 (1,374.6)	286.0 (187.1)	6.1 (3.2)	Malaysia, Philippines, Singapore, Republic of Korea, Laos, Indonesia	ex EEC; ex Japan; USA
44.14	Veneer sheets ... whether or not reinforced with paper or fabric	156.2 (147.7)	59.3 (25.8)	8.0 (5.9)	Philippines, Malaysia, Singapore, Brazil, India	EEC; Japan; USA
44.15	Plywood ... inlaid wood and wood marquetry ..	570.5 (390.4)	268.8 (106.1)	17.0 (9.4)	Gabon, Zaire, Yugoslavia, United Republic of Cameroon, Singapore, Brazil, Malaysia, Nigeria, Republic of Korea, Congo, Philippines, Ghana, India, Costa Rica, Nicaragua, Colombia	ex EEC; ex Japan; USA
44.20	Wooden picture frames, ... and the like	12.3 (7.9)	6.7 (2.1)	10.3 (8.5)	Mexico, Republic of Korea, Guatemala, Pakistan, India, Philippines, Brazil, Nicaragua, Thailand, Iran, Peru	EEC; Japan; USA
44.23	Builder's carpentry and joinery (...)	79.6 (59.0)	16.0 (4.6)	9.0 (7.3)	Thailand, India, Guatemala, Costa Rica, El Salvador, Republic of Korea, Yugoslavia, Singapore, Uruguay, Burma, Malaysia, United Republic of Cameroon, Paraguay, Indonesia, Venezuela, Brazil, Iran, Zaire, Saudi Arabia, Argentina, Mexico, Colombia, Philippines, Ecuador	EEC; ex Japan; USA
44.24	Household utensils of wood	38.6 (27.9)	14.6 (4.0)	10.8 (8.6)	Philippines, Yugoslavia, India, Thailand, Mexico, Haiti, Republic of Korea, Dominican Republic, Brazil, Kenya, Pakistan, El Salvador, Trinidad and Tobago, Jordan, Venezuela, Ecuador, Bolivia, Nicaragua, Costa Rica, Egypt	EEC; Japan; USA
44.27	Standard lamps ... Articles of wood for personal use ... Parts of foregoing articles, of wood	49.0 (27.9)	14.0 (4.0)	10.0 (8.6)	India, Philippines, Yugoslavia, Kenya, Thailand, Venezuela, Guatemala, Tanzania, Indonesia, Colombia, Jordan, Dominican Republic, Singapore, Chile, Senegal, Ivory Coast, Sri Lanka, Haiti, Mexico, Brazil, Lebanon, Togo, Syrian Arab Republic, Morocco, Malawi, Pakistan, Republic of Korea, Ecuador, Malaysia	EEC; Japan; USA

Imports of 171 selected products into 19 developed market-economy countries in 1971 and 1967 and average tariff rates in 1973

CCCN No.	Description of products	Imports into 19 developed market-economy countries (millions of dollars): Total 1971 (1967)	Imports into 19 developed market-economy countries (millions of dollars): From developing countries 1971 (1967)	Weighted average tariff 1973 (1967) (Percentages)	Major suppliers [a]	Coverage by GSP schemes of EEC, Japan and USA
(1)	(2)	(3)	(4)	(5)	(6)	(7)
44.28	Other articles of wood	103.0 (68.5)	14.0 (7.8)	10.2 (8.4)	Madagascar, Malaysia, Yugoslavia, United Republic of Cameroon, Thailand, indonesia, Ghana, Ecuador, Republic of Korea Republic of South Viet Nam, Philippines, Brazil, Nicaragua, Burma, India, Morocco, Colombia, Ivory Coast, Jordan, Chile, Singapore, United Republic of Tanzania, Dominican Republic, Kenya, Haiti, Pakistan	ex EEC; Japan; USA
46.03	Basketwork ... articles of Loofah	48.4 (38.1)	20.3 (11.4)	13.8 (11.9)	Cyprus, Yugoslavia, Philippines, Morocco, Haiti, Republic of Korea, India, Tunisia, Burma, Madagascar, Mexico, Indonesia, Ghana, Guatemala, Ethiopia, Republic of South Viet Nam, Cuba, Algeria, Laos, Sri Lanka, Malaysia, Ecuador, Thailand, Ivory Coast, Singapore, Pakistan	EEC; Japan; USA
48.01	Paper and paperboard ... in rolls or sheets	2,458.0 (1,925.7)	5.0 (4.9)	8.4 (7.4)	Yugoslavia, Panama, Thailand, Cyprus, Malaysia, Venezuela, Brazil, Chad, Colombia, Saudi Arabia, Algeria, Peru, Philippines	EEC; Japan; USA
48.09	Building board of wood pulp or of vegetable fibre ...	101.3 (98.1)	8.0 (3.3)	11.9 (9.5)	Brazil, Yugoslavia, Argentina, Mexico, Chile, Colombia	EEC; Japan; USA
48.21	Other articles of paper pulp, paper, paperboard or cellulose wadding	102.0 (93.3)	6.0 (0.5)	12.5 (10.4)	Mexico, Republic of Korea, Philippines, Thailand, India, Sri Lanka, Venezuela	EEC; Japan; USA
50.01	Silk worm cocoons suitable for reeling	4.7 (4.8)	0.5 (0.5)	2.8 (1.1)		Japan
50.02	Raw silk (not throw)	145.4 (95.1)	42.8 (17.5)	6.2 (2.0)	Republic of Korea, Brazil, Republic of South Viet Nam	Not covered
50.05	Yarn spun from silk waste other than noil, not put up for retail sale	9.2 (9.1)	0.9 (0)	8.7 (5.7)	Republic of Korea	EEC; Japan
50.06	Yarn spun from noil silk, not put up for retail sale	0.4 (0.4)	0.1 (0.1)	11.3 (4.1)	Republic of Korea	EEC; Japan
50.09	Woven fabrics of silk or of waste silk other than noil	87.6 (87.3)	37.2 (15.8)	12.3 (11.9)	Republic of Korea, India, Thailand, Nepal, Burma, Laos, Pakistan, Brazil	EEC; USA
51.01	Yarn of man-made fibres (continuous), not put up for retail sale (A; B)	756.6 (499.6)	28.9 (3.1)	13.4 (11.8)	India, Mexico, Yugoslavia, Colombia, Algeria, Morocco	ex EEC; Japan

51.04	Woven fabrics of man-made fibres	352.0 (300.7)	14.0 (5.2)	20.7 (22.2)	Republic of Korea, Yugoslavia, Colombia, Argentina, Egypt, Lebanon, Panama, Morocco, Dominican Republic	EEC; Japan
53.01	Sheep's or lamb's wool not carded or combed (A; B)	874.5 (1,324.3)	86.2 (177.2)	35.4 (2.9)	Uruguay, Argentina, Brazil, Paraguay, Cyprus	Not covered
53.11	Woven fabrics of sheep's or lamb's wool or of fine animal hair	188.2 (431.7)	4.9 (5.9)	28.1 (20.1)	Republic of Korea, Uruguay, Brazil, Argentina, Yugoslavia, Philippines, Colombia, India, Bolivia, Mexico, Guatemala	EEC; Japan
54.03	Flax or ramie yarn, not put up for retail sale	10.2 (19.8)	0.8 (0.1)	10.8 (7.4)	Brazil, Republic of Korea	EEC; Japan
55.05	Cotton yarn, not put up for retail sale (A; B)	219.7 (159.9)	84.4 (38.4)	9.2 (8.1)	Pakistan, Republic of Korea, India	EEC; Japan
55.09	Other woven fabrics of cotton (A; B)	761.9 (600.1)	308.2 (171.5)	13.9 (15.4)	Yugoslavia, Egypt, Pakistan, Brazil, India, Colombia, Republic of Korea, Tunisia, Mexico, Singapore, Senegal, Togo, Lebanon, Uruguay, Malaysia, Syrian Arab Republic, Morocco, Mauritania, Kuwait, Laos, Senegal, United Republic of Cameroon, Kenya, Haiti, Indonesia, Philippines, Central African Republic, Thailand, Iran	EEC; Japan
56.01	Man-made fibre (discontinuous), not carded, combed or otherwise prepared for spinning (A; B)	197.9 (189.8)	2.5 (2.3)	8.9 (6.9)	Republic of Korea	EEC; Japan
56.02	Continuous filament tow for the manufacture of man-made fibres (discontinuous) (A; B)	49.3 (50.2)	0.2 (0.1)	10.9 (7.0)	Republic of Korea, Venezuela	EEC; Japan
56.05	Yarn of man-made fibres (discontinuous or waste); not put up for retail sale (A; B)	157.4 (111.8)	22.3 (0.7)	14.3 (9.7)	Yugoslavia, Morocco, Republic of Korea, Egypt, Philippines	EEC; Japan
56.07	Woven fabrics of man-made fibres (discontinuous or waste) (A; B)	298.2 (285.7)	21.8 (4.0)	25.7 (19.0)	Republic of Korea, Yugoslavia, Lebanon, Syria, Morocco, Senegal, Algeria	EEC; Japan
57.10	Woven fabrics of jute	274.1 (264.4)	255.5 (214.4)	14.1 (12.2)	India, Pakistan, Thailand	ex EEC; Japan
58.01	Carpets, carpeting and rugs, knotted (made up or not)	247.1 (134.8)	219.1 (111.6)	13.0 (13.0)	Tunisia, Iran, Algeria, Morocco, Pakistan, India, Afghanistan, Nepal, Yugoslavia, Lebanon, Iraq, Mauritania, Peru, Argentina, Jordan, Mexico, Singapore, United Republic of Cameroon, Colombia, Ethiopia, Egypt, Ecuador, Ivory Coast, Burma, Venezuela	EEC; Japan
58.02	Other carpets, carpeting ...	259.0 (287.0)	21.3 (11.3)	18.6 (19.4)	India, Iran, Yugoslavia, Tunisia, Morocco, Egypt, Algeria, Philippines, Venezuela, Haiti, Brazil, Libyan Arab Republic, Lebanon, Pakistan, Afghanistan, Peru, Madagascar, Nepal, Mexico, Malaysia, Panama, Uruguay, Jamaica, Colombia, Qatar	EEC; Japan; ex USA
58.05	Narrow woven fabrics ...	37.7 (36.4)	4.5 (2.5)	15.8 (18.1)	India, Pakistan	EEC; Japan; USA
58.10	Embroidery, in the piece, in strips or in motifs	53.9 (51.5)	2.6 (1.5)	18.1 (16.9)	Republic of Korea, India, Philippines, Nepal, Haiti, Mexico, Brazil, Pakistan, Bolivia	EEC; Japan; USA

Imports of 171 selected products into 19 developed market-economy countries in 1971 and 1967 and average tariff rates in 1973

CCCN No. (1)	Description of products (2)	Imports into 19 developed market-economy countries (millions of dollars): Total 1971 (1967) (3)	Imports into 19 developed market-economy countries (millions of dollars): From developing countries 1971 (1967) (4)	Weighted average tariff 1973 (1967) (Percentages) (5)	Major suppliers[a] (6)	Coverage by GSP schemes of EEC, Japan and USA (7)
59.03	Bonded fibre fabrics and articles of bonded fibre fabrics, whether or not impregnated or coated	48.6 (29.5)	1.2 (0.7)	16.3 (14.6)	Mexico, Haiti, Dominican Republic	EEC; Japan
59.04	Twine, cordage, ropes and cables, plaited or not	69.9 (67.4)	30.8 (19.5)	15.0 (15.1)	Yugoslavia, Cuba, United Republic of Tanzania, Philippines, Brazil, Madagascar, Mexico, Singapore	EEC; Japan
59.17	Textile fabrics and textile articles, of a kind commonly used in machinery or plant	65.8 (54.2)	1.0 (0.3)	10.3 (8.7)	India	ex EEC; Japan
60.01	Knitted or crocheted fabric not elastic nor rubberised	463.7 (236.4)	24.5 (1.4)	21.1 (19.3)	Algeria, Yugoslavia, Republic of Korea, Tunisia, Morocco, Lebanon	EEC; Japan
60.02	Gloves, mittens and mitts, knitted or crocheted not elastic nor rubberised	46.9 (37.6)	30.4 (17.1)	24.2 (21.6)	Philippines, Republic of Korea, Singapore, El Salvador, Haiti, Barbados	EEC; Japan; ex USA
60.03	Stocking, under stockings, socks ... not elastic nor rubberised	74.5 (115.3)	33.9 (3.0)	21.9 (25.4)	Republic of Korea, Yugoslavia, Costa Rica, Algeria, Kuwait, Singapore, Philippines, Brazil	EEC; Japan
60.04	Under-garments ... not elastic nor rubberised .	263.4 (176.1)	99.3 (35.2)	24.6 (22.5)	Yugoslavia, Republic of Korea, Tunisia, Algeria, India, Venezuela, Philippines, Barbados, Mexico, Haiti, Brazil	EEC; Japan; USA
60.05	Outer garments	1.206.8 (758.4)	665.8 (167.7)	27.4 (21.3)	Dominican Republic, Yugoslavia, Republic of Korea, Tunisia, Morocco, Argentina, India, Mexico, Laos, Jamaica, Guatemala, Singapore, Brazil, Pakistan, Peru, Malaysia, Algeria, Madagascar, Honduras, United Republic of Cameroon, Philippines, Bolivia, Kuwait, Syrian Arab Republic, Thailand, Republic of South Viet Nam, Indonesia	EEC; Japan
61.01	Men's and boys' outer garments	749.4 (423.8)	385.0 (114.7)	24.0 (24.3)	Yugoslavia, Republic of Korea, Morocco, Singapore, Brazil, Trinidad and Tobago, Tunisia, India, Afghanistan, Malaysia, Madagascar, Mexico, Philippines, Honduras, Nepal, Pakistan, Peru, Thailand, Lebanon, Syrian Arab Republic, Republic of South Viet Nam, Chile, Indonesia, Dominican Republic, Costa Rica, Guatemala	EEC; Japan
61.02	Women's, girls' and infants, outer garments ..	660.2 (508.5)	268.9 (94.7)	23.3 (21.4)	Philippines, Jamaica, Costa Rica, Guatemala, Colombia, Trinidad and Tobago, Yugoslavia, India, Tunisia, Morocco, Pakistan, Singapore, Afghanistan, Republic of Korea, Peru, Mexico, Algeria, Thailand, Tanzania, Iran, Indonesia, Madagascar, Malaysia, Lebanon, Argentina, Kenya	EEC; Japan

61.03	Men's and boys' under garments	225.0 (134.8)	154.8 (59.4)	21.2 (24.7)	Yugoslavia, Morocco, Republic of Korea, India, Singapore, Tunisia, Algeria, Malaysia, Pakistan, Egypt, Iran, Lebanon, Brazil, Costa Rica, Afghanistan, Nepal, Ivory Coast, Ghana	EEC; Japan
61.04	Women's, girls' and infants under garments ..	36.8 (23.1)	24.1 (10.8)	20.7 (21.7)	Philippines, Barbados, Mexico, Haiti, Republic of Korea	EEC; Japan
61.05	Handkerchiefs	27.5 (32.8)	5.7 (6.7)	17.2 (19.3)	Philippines	EEC; Japan
61.06	Shawls, scarves, ... and the like	45.0 (44.5)	4.6 (0.9)	20.5 (17.9)	Haiti, Yugoslavia, Indonesia, Republic of Korea, Brazil, Guatemala, Peru, Barbados, Bolivia, India, Morocco, Iran, Thailand, Pakistan, Colombia, Lebanon, Sri Lanka, Chile, Qatar, Mexico, Libyan Arab Republic, Guinea, Laos, Malaysia, Syria, Nepal, Ethiopia	EEC; Japan
61.09	Corsets, corset-belts ... whether or not elastic ..	83.5 (77.7)	38.3 (19.4)	21.4 (21.0)	Yugoslavia, Jamaica, Morocco, Algeria, Indonesia, India, Saudi Arabia, Philippines, Costa Rica, Honduras, Trinidad and Tobago, Mexico, Colombia	EEC; Japan
61.10	Gloves, mittens, mitts ... not being knitted or crocheted goods	10.7 (7.9)	7.2 (4.1)	20.0 (19.6)	Republic of Korea, Singapore, Costa Rica, Philippines, El Salvador	EEC; Japan; ex USA
61.11	Made up accessories for articles of apparel	8.0 (6.4)	3.2 (0.8)	16.1 (17.7)	Republic of Korea, India, Colombia	EEC; Japan
62.02	Bed linen, table linen ... and other furnishing articles	213.4 (171.7)	63.4 (41.1)	18.9 (21.0)	Sri Lanka, Uruguay, Haiti, Ecuador, Nigeria, Tunisia, Peru, Republic of Korea, India, Mexico, Yugoslavia, El Salvador, Morocco, Pakistan, Iran, Algeria, Philippines, Thailand, Lebanon, Ivory Coast, Qatar, Brazil, Mexico, Colombia, Afghanistan, Singapore	EEC; Japan; ex USA
62.03	Sacks and bags ... for the packing of goods ...	51.3 (58.8)	30.8 (31.5)	12.1 (16.1)	Yugoslavia, India, Republic of Korea, Pakistan, Lebanon, Mexico, Colombia, Brazil, Thailand, Cuba, Senegal, Algeria, Ethiopia, Mauritania, Cyprus	ex EEC; Japan
62.04	Tarpaulings, sails ... and camping goods	21.9 (22.3)	1.7 (0.7)	17.0 (17.6)		EEC; Japan
64.01	Footwear with outer soles and uppers of rubber or artificial plastic material	278.0 (111.3)	110.6 (21.1)	16.2 (16.5)	Haiti, Republic of Korea, Yugoslavia, Mexico, Philippines, India, Colombia, Brazil, Singapore, Thailand, Malaysia, El Salvador, Dominican Republic, Sri Lanka	EEC
64.02	Footwear with outer soles of leather	999.0 (674.4)	157.9 (46.8)	16.9 (17.4)	Yugoslavia, Morocco, Uruguay, Mexico, Afghanistan, Zambia, Peru, Colombia, Brazil, India, Singapore, Lebanon, Pakistan, Algeria, Tunisia, Egypt, Kuwait, Republic of Korea, Argentina, Dominican Republic, United Republic of Cameroon, Nepal, Malaysia, Senegal, Sri Lanka, Indonesia	EEC; Japan
64.05	Parts of footwear ... of any material except metal	39.8 (33.5)	8.5 (1.6)	10.8 (9.7)	Uruguay, Yugoslavia, Pakistan, Indonesia, Haiti, Morocco, India	EEC
65.04	Hats and other headgear, ... plaited or made from plaited	6.3 (5.0)	1.7 (0.5)	15.1 (14.3)	Mexico, Colombia	EEC; Japan; USA
65.05	Hats and other headgear, ... knitted or crocheted	48.6 (30.7)	20.0 (2.5)	23.1 (14.7)	Republic of Korea, Mexico, Trinidad and Tobago, Brazil, Jamaica, Colombia, Argentina, Philippines, El Salvador, Costa Rica, Singapore, Tunisia	EEC; Japan
67.02	Artificial flowers, foliage or fruit	18.0 (57.0)	10.6 (42.6)	21.5 (17.1)	Republic of Korea, Mexico, Philippines, Thailand, Singapore	EEC; Japan; USA

Imports of 171 selected products into 19 developed market-economy countries in 1971 and 1967 and average tariff rates in 1973

CCCN No. (1)	Description of products (2)	Imports into 19 developed market-economy countries (millions of dollars): Total 1971 (1967) (3)	From developing countries 1971 (1967) (4)	Weighted average tariff 1973 (1967) (Percentages) (5)	Major suppliers [a] (6)	Coverage by GSP schemes of EEC, Japan and USA (7)
67.04	Wigs, false beards, ... other articles of human hair ...	174.6 (96.6)	167.1 (67.6)	11.4 (6.2)	Malaysia, Mexico, Republic of Korea, Singapore, Philippines, India, Yugoslavia, Tanzania, El Salvador, Sierra Leone, Thailand, Indonesia, Lebanon, Pakistan, Republic of South Viet Nam, Haiti	EEC; Japan; USA
68.11	Articles of cement ... reinforced or not	20.2 (36.6)	1.2 (0.8)	10.1 (7.1)	Mexico	EEC; Japan; USA
68.15	Worked mica and articles of mica ...	6.6 (6.4)	2.4 (1.6)	9.1 (4.7)	India, Mexico, Nepal, Brazil, Madagascar, Republic of Korea	EEC; Japan; USA
69.02	Refractory bricks, blocks ...	124.2 (90.9)	6.9 (1.6)	6.2 (4.1)	Yugoslavia	EEC; Japan
69.07	Unglazed setts, flags and paving, hearth and wall tiles	15.1 (35.2)	0.3 (0.1)	16.0 (9.1)	Mexico, Philippines, Dominican Republic	EEC; Japan; USA
69.08	Glazed setts, flags ...	99.6 (91.0)	4.8 (2.8)	17.9 (17.4)	Mexico, Philippines, Colombia, Peru, Iran	EEC; Japan; USA
69.10	Sinks, wash basins, bidets ... and like sanitary fittings	24.8 (31.1)	1.3 (0)	14.9 (11.7)	Mexico, Colombia, Republic of Korea	EEC; Japan; USA
69.11	Tableware ... of porcelain or china ...	105.5 (115.1)	1.5 (0.6)	25.1 (20.0)	Brazil, Thailand, Singapore, Republic of Korea	EEC; Japan; ex USA
70.10	Carboys, bottle jars ... used for the conveyance or packing of goods ...	54.9 (66.9)	1.7 (0.6)	9.7 (12.8)	Colombia, Mexico	EEC; Japan; USA
70.13	Glassware ... for table ... for indoor decoration	138.6 (134.6)	7.5 (3.2)	18.6 (20.9)	Mexico, Yugoslavia, Argentina, Brazil, Republic of Korea, Colombia, India, Iran, Pakistan	EEC; Japan; USA
70.14	Illuminating glassware ... not optically worked nor of optical glass	46.3 (44.6)	6.4 (2.6)	12.6 (11.8)	Yugoslavia, Mexico, India, Venezuela	EEC; Japan; USA
71.12	Articles of jewellery	118.3 (108.8)	12.2 (4.0)	13.7 (10.0)	Ecuador, Kenya, Afghanistan, Nepal, Egypt, Colombia, Thailand, Peru, Jamaica, Jordan, Guatemala, Venezuela, Ecuador, Panama, Indonesia, India, Philippines, Pakistan, Mexico, Republic of Korea, Iran, Algeria, Bahrain, Haiti, Malaysia, Ethiopia, Chile, Laos, Sri Lanka, Burma, Lebanon, Brazil, Trinidad and Tobago, Barbados, Morocco	EEC; Japan; USA

71.16	Imitation jewellery	76.2 (59.0)	27.4 (12.5)	21.0 (14.8)	Republic of Korea, India, Egypt, Nepal, Mexico, Pakistan, Philippines, Thailand, Iran, Colombia, Burma, Algeria, Cuba	EEC; Japan; USA
73.02	Ferro-Alloys (A; B)	434.2 (312.8)	114.3 (46.7)	5.7 (3.9)	India, Republic of Korea, Brazil, Yugoslavia	Japan; USA
73.06	Puddled bars and pilings ... of iron or steel	19.4 (63.0)	2.2 (0.1)	4.7 (2.5)	Republic of Korea, India	Japan; USA
73.08	Iron or steel coils for rerolling	298.8 (292.9)	13.5 (4.5)	6.5 (4.0)	Yugoslavia, Brazil, Nicaragua, Mexico, Philippines, Republic of Korea, India, Argentina	Japan; USA
73.09	Universal plates of iron or steel	48.9 (39.4)	2.0 (0.9)	7.4 (3.5)	Mexico, Brazil, Philippines, Republic of Korea, India	EEC; Japan; USA
73.10	Bars and rods ... A. Wire rod B. Other	524.3 (617.0)	18.8 (5.9)	6.5 (7.0)	Yugoslavia, Brazil, Tunisia, India, Argentina, Panama, Cyprus, Uruguay, Liberia, Zaire, Honduras, Republic of Korea, Mexico	EEC; Japan; USA
73.11	Angles, shapes and sections, of iron or steel ... (A; B)	459.4 (488.7)	6.6 (3.0)	5.5 (6.3)	Yugoslavia, Morocco, Libyan Arab Republic	EEC; Japan; ex USA
73.13	Sheets and plates, of iron or steel, hot-rolled, or cold-rolled (A ... E)	1,848.3 (1,568.4)	52.8 (14.9)	8.2 (5.5)	Yugoslavia, Brazil, Iran, Panama, Liberia, Argentina, Cyprus, Lebanon, Mexico, Philippines, Republic of Korea, India	EEC; Japan; USA
73.14	Iron or steel wire, whether or not coated, but not insulated	129.1 (119.7)	0.6 (0.1)	7.5 (9.9)	Yugoslavia, Colombia	EEC; Japan; ex USA
73.18	Tubes and pipes ... excluding high-pressure hydro-electric conduits (A; B; C)	731.6 (567.3)	26.7 (11.1)	9.4 (9.0)	Yugoslavia, Venezuela, Mexico, Argentina, Kuwait, Iran, Brazil, India, Morocco, Republic of South Viet Nam, Liberia, Panama, Ethiopia, Peru, Cyprus, Lebanon, Qatar, Bahrain	EEC; Japan; USA
73.20	Tube and pipe fittings ... of iron or steel	173.5 (139.2)	5.7 (1.8)	11.6 (8.6)	Yugoslavia, Brazil, India, Singapore, Malaysia, Bahrain, Peru, Saudi Arabia, United Republic of Cameroon	EEC; Japan; USA
73.40	Other articles of iron or steel (A ... D)	319.8 (249.8)	7.5 (3.1)	11.2 (9.8)	Argentina, Jamaica, Panama, Venezuela, Dominican Republic, Pakistan, Colombia, Yugoslavia, Iran, India, Liberia, Tunisia, Algeria, Brazil, Republic of South Viet Nam, Lebanon, Malaysia, Cyprus, Mexico, Morocco, Zaire, Indonesia, Uruguay, Syrian Arab Republic, Haiti, Kuwait	EEC; Japan; USA
74.01	Copper matte; unwrought copper (refined or not); copper waste and scrap	2,712.0 (3,112.2)	1,696.0 (1,669.3)	4.1 (1.3)	Zambia, Chile, Uganda, Peru, Mexico, United Republic of Tanzania, Nicaragua, Bolivia, Honduras	ex Japan; USA
74.03	Wrought bars, rods, angles ... of copper; copper wire	138.3 (175.5)	6.5 (7.6)	8.4 (5.6)	Yugoslavia, Zambia, Chile, Mexico, Zaire, Philippines, Cyprus	EEC; Japan; USA
74.04	Wrought plates, sheets and strips of copper	88.1 (98.2)	5.6 (4.3)	7.8 (6.1)	Yugoslavia, Chile, Zaire, Uruguay, Peru	EEC; Japan; ex USA
74.07	Tubes and pipes ... of copper; hollow bars of copper	129.3 (115.3)	5.3 (2.6)	8.3 (7.5)	Yugoslavia, Chile, Liberia	EEC; Japan; USA
74.08	Tubes and pipe fittings ... of copper	24.5 (23.7)	2.2 (1.1)	11.3 (7.5)	Yugoslavia, Republic of Korea, Chile, Argentina	EEC; Japan; USA
76.01	Unwrought aluminum; aluminum waste and scrap (A; B)	903.5 (915.9)	98.8 (48.8)	6.0 (4.2)	Ghana, Cameroon, Yugoslavia, Nicaragua, Republic of South Viet Nam, Singapore, Venezuela, Zambia, Algeria, Colombia, Morocco, Republic of Korea	EEC; Japan; USA

ANNEX II (*continued*)

Imports of 171 selected products into 19 developed market-economy countries in 1971 and 1967 and average tariff rates in 1973

CCCN No. (1)	Description of products (2)	Imports into 19 developed market-economy countries (millions of dollars): Total 1971 (1967) (3)	Imports into 19 developed market-economy countries (millions of dollars): From developing countries 1971 (1967) (4)	Weighted average tariff 1973 (1967) (Percentages) (5)	Major suppliers [a] (6)	Coverage by GSP schemes of EEC, Japan and USA (7)
76.02	Wrought bars ... of aluminum; aluminum wire	69.4 (76.0)	3.2 (4.1)	10.9 (8.5)	Yugoslavia	EEC; Japan; USA
76.08	Structures ... of aluminum; plates, rods, angles ...	33.4 (33.0)	0.8 (0.1)	10.9 (8.9)		EEC; Japan; USA
78.01	Unwrought lead ... lead waste and scrap (A; B)	200.0 (234.7)	41.6 (65.1)	8.2 (3.5)	Peru, Mexico, Yugoslavia, Burma, Bolivia, Jamaica, Panama	Japan; USA
79.03	Wrought plates, sheets and strips of zinc ... (A; B)	15.1 (23.8)	3.5 (5.0)	7.3 (5.7)	Yugoslavia, Zaire	ex EEC; Japan; ex USA
82.05	Interchangeable tools for hand tools ... rock drilling bits	219.6 (185.0)	7.6 (2.0)	9.7 (8.0)	Yugoslavia, Brazil, India, Republic of Korea, Mexico, Congo, Morocco, Tunisia, Peru, Liberia, Iran, Singapore, Libyan Arab Republic, Lebanon, Nigeria, Algeria, Saudi Arabia	EEC; Japan; USA
82.09	Knives with cutting blades	59.0 (34.0)	5.4 (1.8)	18.7 (13.6)	India, Brazil, Republic of Korea, Thailand, Mexico	EEC; Japan; USA
82.12	Scissors ... and blades therefor	18.6 (14.7)	2.3 (0.5)	20.4 (11.1)	Brazil, Pakistan, Thailand, Philippines, India	EEC; USA
82.14	Spoons, forks	64.9 (37.4)	10.2 (3.5)	22.3 (13.5)	Mexico, India, Republic of Korea, Thailand, Pakistan, Kenya	EEC; Japan; USA
83.06	Statuettes and other ornaments of a kind used indoors, of base metal	17.1 (15.7)	5.4 (2.0)	11.8 (8.9)	India, Egypt, Morocco, Iran, Lebanon, Syrian Arab Republic, Nepal, Pakistan, Republic of Korea, Thailand, Yugoslavia, Sri Lanka, Mexico, Afghanistan, Brazil, Tunisia, Singapore, Republic of South Viet Nam, Philippines, Cyprus	EEC; Japan; USA
83.07	Lamps ... of base metal	114.4 (104.7)	8.2 (2.0)	13.3 (9.9)	Mexico, Yugoslavia, India, Brazil, Republic of Korea, Iran, Argentina, Colombia, Thailand, Peru, Egypt, Morocco	EEC; Japan; USA
84.06	Internal combustion piston engines (A; B)	1,876.2 (1,406.6)	25.2 (5.0)	8.9 (7.3)	Zaire, Senegal, Mauritius, Panama, Sierra Leone, Tunisia, Ghana, Brazil, Yugoslavia, India, Liberia, Argentina, Saudi Arabia, Morocco, Iran, Mexico, Tanzania, Republic of South Viet Nam, Bahrain, Cuba, Malaysia, Qatar, Singapore, Madagascar, Uruguay, Algeria, Aden, Dahomey, Nigeria, Sri Lanka, Gabon, Zambia, Ivory Coast, Egypt, Congo, Indonesia	EEC; Japan; USA
84.10	Pumps ... screw, band and similar kinds	399.1 (325.7)	4.3 (1.2)	8.7 (7.7)	India, Brazil, Yugoslavia, Argentina, Algeria, Libyan Arab Republic, Madagascar, Colombia, Liberia, Morocco, Lebanon, Egypt, Panama, Kenya, Malaysia, Singapore, Gabon, Saudi Arabia, Jordan, Venezuela, Iran, Syrian Arab Republic, Peru, Ethiopia, Kuwait, Ecuador, Pakistan, Mexico	EEC; Japan; USA

84.22	Lifting, handling, loading or unloading machinery	722.3 (623.9)	5.3 (1.0)	8.1 (7.7)	Yugoslavia, Algeria, Lybian Arab Republic, Chile, Liberia, Singapore, Paraguay, Kuwait, Lebanon, Panama, Nigeria, Egypt, Argentina, Morocco, India, Gabon, Mexico, Saudi Arabia, Sri Lanka, Iran	EEC; Japan; USA
84.45	Machine-tools for working metals	953.6 (942.4)	10.0 (2.2)	7.6 (8.2)	Brazil, Yugoslavia, Argentina, Morocco, India, Sri Lanka, United Republic of Cameroon, Mexico, Iran, Liberia, Venezuela, Colombia	EEC; Japan; USA
84.52	Calculating machines ... machines incorporating a calculating device	765.8 (473.5)	6.9 (3.5)	9.3 (5.4)	Mexico	EEC; Japan; USA
84.53	Statistical machines ... Auxiliary machines for use with such machines	823.6 (716.2)	19.1 (11.0)	8.9 (5.5)	Brazil, Argentina, India, Colombia, Senegal, Nigeria, Iran, Yugoslavia, Madagascar, Libyan Arab Republic, Zaire, Lebanon	EEC; Japan; USA
84.55	Parts and accessories ... for use ... with machines	703.8 (447.5)	59.5 (4.1)	7.7 (6.0)	Mexico, Brazil, Singapore, Argentina, Barbados, Philippines, Republic of Korea, Trinidad and Tobago, Jamaica, Thailand, Malaysia	EEC; Japan; USA
84.61	Taps, cocks ... pressure reducing valves ...	495.0 (401.0)	6.2 (1.6)	11.6 (9.1)	Yugoslavia, Saudi Arabia, Jordan, Kuwait, Iran, Costa Rica, Egypt, Algeria, Nigeria, Lebanon, Zaire, Guinea, Argentina, Liberia, India, Mexico, Libyan Arab Republic, Bahrain, United Republic of Cameroon, Ecuador	EEC; Japan; USA
84.63	Transmission shafts, cranks ... and shaft couplings	412.6 (361.4)	4.9 (1.0)	8.3 (8.6)	Yugoslavia, Argentina, Brazil, India, Mexico, Tanzania, Algeria, Iran, Pakistan, Saudi Arabia, Malaysia, Syrian Arab Republic, Egypt, Dahomey, Iraq, Liberia, Senegal, Colombia, Panama, Ivory Coast	ex EEC; Japan; USA
85.01	Electrical goods ... inductors	770.7 (596.1)	37.1 (7.0)	8.6 (8.6)	Barbados, Jamaica, Singapore, Haiti, Brazil, Trinidad and Tobago, Republic of Korea, Yugoslavia, Peru, Sierra Leone, Costa Rica, Venezuela, Algeria, Mexico, Liberia, Gabon, Senegal, Panama, Bolivia, Sudan, Argentina, Iran, Somalia, Saudi Arabia, Kuwait, India	EEC; Japan; USA
85.04	Electric accumulators	71.8 (58.8)	1.6 (0.2)	11.2 (7.8)	Yugoslavia, Mauritania	EEC; Japan; USA
85.12	Electric instantaneous or storage water heaters ... electrothermic domestic appliances ...	203.6 (141.7)	8.5 (1.2)	10.2 (9.7)	Yugoslavia, Singapore	EEC; Japan; USA
85.14	Microphones and stands, therefor ...	183.6 (109.9)	5.0 (1.3)	9.9 (7.8)	Yugoslavia, Mexico, Trinidad and Tobago, Republic of Korea, Malaysia, Singapore, Thailand, Panama, Argentina, India	EEC; Japan; USA
85.15	Radiotelegraphic ... radio remote control apparatus ...	2,111.0 (1,265.5)	365.0 (76.0)	13.1 (12.7)	Trinidad and Tobago, Kenya, Iran, Rwanda, Zaire, Lebanon, Sri Lanka, Mexico, India, Panama, Yugoslavia, Ethiopia, Saudi Arabia, Pakistan, Singapore, Republic of Korea, Malaysia, Nicaragua, Brazil, El Salvador, Indonesia, Colombia, Haiti, Philippines, Argentina, Thailand	EEC; Japan; USA
85.18	Electrical capacitors, fixed or variable	136.5 (111.7)	20.7 (3.1)	10.7 (8.8)	Yugoslavia, Brazil, India, Argentina, Pakistan, Nicaragua, Malaysia, Uruguay, Tunisia, Lebanon, Republic of Korea, Zaire, United Republic of Tanzania, Mexico, Jamaica, Barbados, Jordan, Trinidad and Tobago	EEC; Japan; USA

Imports of 171 selected products into 19 developed market-economy countries in 1971 and 1967 and average tariff rates in 1973

CCCN No. (1)	Description of products (2)	Imports into 19 developed market-economy countries (millions of dollars): Total 1971 (1967) (3)	From developing countries 1971 (1967) (4)	Weighted average tariff 1973 (1967) (Percentages) (5)	Major suppliers[a] (6)	Coverage by GSP schemes of EEC, Japan and USA (7)
85.19	Electrical apparatus for making and breaking electrical circuits ... control panels	880.9 (729.8)	30.8 (4.7)	9.8 (9.6)	Yugoslavia, India, Brazil, Argentina, Mexico, Ethiopia, Kuwait, Haiti, Dominican Republic, Singapore, Pakistan, Algeria, Venezuela, Saudi Arabia, Colombia, Dahomey, Iraq, Republic of South Viet Nam, Congo, Nigeria, Trinidad and Tobago, Barbados, Jamaica, Morocco, Zaire, United Republic of Tanzania, Sri Lanka, Thailand, Ecuador	EEC; Japan; USA
85.21	Thermionic, ... photocells ... crystal valves	906.6 (593.0)	208.1 (27.1)	12.6 (9.5)	Yugoslavia, India, Chile, Jamaica, Singapore, Indonesia, Republic of Korea, Nicaragua, Jordan, Mexico, Brazil, Malawi, Barbados, Cyprus	EEC; Japan; USA
85.22	Electrical goods and apparatus ... . A. Particle accelerators B. Other	142.2 (110.3)	27.2 (9.2)	10.0 (9.3)	Mexico, Singapore, Republic of Korea, Barbados, Brazil, India, Haiti, Venezuela, Trinidad and Tobago, Jamaica	EEC; Japan; USA
85.23	Insulated ... electric wire, cable ... whether or not fitted with connectors	225.6 (185.1)	15.8 (10.3)	12.2 (9.0)	Yugoslavia, Peru, Brazil, India, Nigeria, Republic of South Viet Nam, United Republic of Cameroon, Liberia, Morocco, Libyan Arab Republic, Mexico, Singapore, Trinidad and Tobago, Haiti, Republic of Korea	EEC; Japan; USA
85.28	Electric parts of machinery	34.7 (30.9)	14.8 (4.9)	9.2 (7.2)	Mexico, Singapore, Republic of Korea, Barbados, Brazil, India, Haiti, Trinidad and Tobago, Venezuela, Jamaica	EEC; Japan; USA
86.07	Railway and tramway goods vans, goods wagons and trucks	21.2 (14.7)	2.3 (0.4)	13.2 (7.2)	Mexico	EEC; Japan; USA
87.06	Parts and accessories of motor vehicles	3,590.0 (2,961.9)	36.0 (3.7)	10.4 (8.3)	Yugoslavia, Brazil, Pakistan, Mexico, Argentina, India, Ivory Coast, Guinea, Indonesia, Singapore, Paraguay, Argentina, Lebanon, Iran, United Republic of Tanzania, Tunisia, Morocco, Algeria, Egypt, Liberia	EEC; Japan; USA
87.12	Parts and accessories of vehicles falling within headings No. 87.09 ... 87.11	105.1 (71.8)	4.2 (0.9)	10.8 (12.0)	Yugoslavia, India, Morocco	EEC; Japan; USA
87.14	Other vehicles ... not mechanically propelled, and parts thereof	153.7 (160.5)	10.3 (0.9)	10.3 (8.6)	Yugoslavia, Iran, Madagascar, Algeria, Ivory Coast, Ghana	EEC; Japan; USA
90.17	Medical, dental, surgical and veterinary instruments and appliances	244.2 (151.1)	4.8 (1.3)	11.5 (6.4)	Pakistan, Yugoslavia, Brazil, Mexico, India, Trinidad and Tobago, Zaire, Chile, Peru, Colombia, Paraguay, Egypt, Thailand, Panama	EEC; Japan; USA

90.28	Electrical measuring, checking, analysing ... instruments and apparatus	744.5	10.1	10.4	Yugoslavia, Saudi Arabia, Ethiopia, Iran, Tunisia, Argentina, Venezuela, Indonesia, Bahrain, Burundi, Algeria, Panama, Zaire, Mexico, India, Gabon, Liberia, Lebanon	EEC; Japan; USA
		(602.4)	(5.5)	(8.8)		
91.09	Watch cases and parts of watch cases, including blanks thereof	42.1	7.29	15.3	Singapore	EEC; Japan
		(25.2)	(2.4)	(7.6)		
92.02	Other string musical instruments	36.3	2.8	13.1	Brazil, Mexico, India, Argentina, Philippines, Morocco, Republic of Korea	EEC; Japan; USA
		(18.7)	(0.4)	(8.4)		
92.11	Gramophones, dictating machines ... tape decks ...	561.2	13.3	9.4	Yugoslavia, Rwanda, Peru, Mexico, Republic of Korea, Haiti, Singapore, Aden, Panama	EEC; Japan; USA
		(388.6)	(2.6)	(9.6)		
92.12	Gramophones, records, ... for recording sound	193.4	9.3	7.8	Mexico, Haiti, Iran, Panama	EEC; Japan; USA
		(147.5)	(1.8)	(5.8)		
93.02	Revolvers and pistols being firearms	0	0	0	Brazil, Argentina	EEC; Japan; USA
		(14.3)	(1.4)	(6.1)	Brazil	EEC; Japan; USA
93.04	Other firearms; line throwing guns and the like	55.2	1.9	12.6		
		(48.5)	(0.1)	(9.3)		
94.01	Chairs and other seats ... and parts thereof	328.3	42.3	11.8	Venezuela, Yugoslavia, Brazil, Egypt, Zambia, Dominican Republic, Chile, Philippines, Costa Rica, Jamaica, Mexico, Malaysia, Ecuador, Lebanon, Morocco, India, Cuba, Colombia, Republic of Korea, Pakistan, Singapore, Argentina, Tunisia, Peru, Ethiopia, Mauritius, Thailand, Guatemala, Laos	EEC; Japan; USA
		(221.1)	(18.2)	(10.2)		
94.03	Other furniture and parts thereof	318.4	29.7	11.2	Haiti, Yugoslavia, Brazil, India, Tunisia, Algeria, Republic of South Viet Nam, Colombia, Uganda, Philippines, Pakistan, Egypt, Peru, Singapore, Mexico, Morocco, Thailand, Venezuela, Zaire, Indonesia, Cuba, Syrian Arab Republic, Republic of Korea, Sri Lanka, Lebanon, Dominican Republic	EEC; Japan; USA
		(295.8)	(14.7)	(9.2)		
96.01	Brooms and brushes	3.4	1.7	15.5	Mexico, Yugoslavia, Thailand	EEC; Japan; USA
		(3.2)	(1.4)	(7.6)		
97.02	Dolls	105.2	73.3	16.9	Mexico, Republic of Korea, Singapore, India, Haiti, Guatemala, Yugoslavia, Ecuador, Peru, Thailand, Bolivia, Indonesia	EEC; Japan; USA
		(61.4)	(19.1)	(13.5)		
97.03	Other toys; working models of a kind	332.0	121.8	17.0	India, Trinidad and Tobago, Brazil, Dominican Republic, Malaysia, Colombia, Syrian Arab Republic, Yugoslavia, Republic of Korea, Aden, India, Mexico, Haiti, Singapore, Barbados, Colombia, Thailand, Indonesia, Jamaica, Kenya, Guatemala, Bolivia, Western Africa	EEC; Japan; USA
		(289.9)	(48.3)	(13.2)		
97.06	Appliances, apparatus ... for gymnastics ... or for sports and outdoor games ...	255.0	30.0	12.2	Pakistan, Yugoslavia, India, Morocco, Republic of Korea, Ethiopia, Mexico, Kenya, Indonesia, Argentina, Haiti, Jamaica, Philippines	ex EEC; Japan; USA
		(117.1)	(7.9)	(8.9)		
98.12	Combs, hair-slides and the like	10.0	2.9	13.5	Mexico, Haiti, Republic of Korea, Pakistan, Thailand, India	EEC; Japan; USA
		(7.7)	(0.4)	(10.1)		
	TOTAL	57,399.8	11.179.9			
		(46,320.1)	(6,325.8)			

Source: GATT, *Basic documentation for the tariff study: summary by BTN headings, tariff 1973, imports 1970 and 1971* (Geneva, February 1974).

[a] The terminology is that used by the EEC, Japan and the United States in data supplied to the UNCTAD secretariat.

ANNEX III

Impact of alternative tariff-cutting techniques on GSP margins

1. This note is intended to illustrate the possible erosion of preferences under the GSP resulting from different negotiating hypotheses at the multilateral trade negotiations. The general procedure is to compare the present pattern of preferences under the various GSP schemes with the structure of MFN tariffs and trade as it would result from four alternative tariff-cutting techniques.[a]

2. The four alternative approaches considered are:

(*a*) A 100 per cent reduction of duty rates up to and including 10 per cent and a 50 per cent reduction of duty rates over 10 per cent;

(*b*) A 100 per cent reduction of duty rates up to and including 5 per cent, 60 per cent reduction of rates over 5 per cent and up to and including 25 per cent, and 60 to 75 per cent reduction (according to the level of duty) of duty rates over 25 per cent;

(*c*) A 50 per cent across-the-board cut, which was the basic assumption of the Kennedy Round;

(*d*) A combination of a 10 per cent across-the-board reduction and a progressive scale, the percentage rate of reduction being equal to the initial duty rate in *ad valorem* terms (if x = initial duty rate, the rate of reduction $y = x + 10$).

3. The table below illustrates the effect of the four alternative approaches on GSP margins and on imports from the beneficiaries affected by such margins. The import data refer to all products falling within CCCN chapters 25-99 in ten industrial countries where GSP schemes are in operation.[b] For tariff line items covered under the various GSP schemes, the table distinguishes three different categories:

(*a*) GSP unlimited: free, or reduced;

(*b*) GSP tariff quota: free, or reduced;

(*c*) GSP ceiling, surveillance or other limitations: free, or reduced.

4. The term "GSP unlimited" indicates that preferential imports are not subject to the limitations of tariff quotas and ceilings, as they are under the other two categories. The terms "free" and "reduced" mean that preferential imports are, in the first case, duty free, and in the second, subject to reduced tariffs.

5. The total imports from beneficiary developing countries entitled to GSP treatment in the ten industrial markets amount to $28,096 million, of which $20,021 million are duty free on an MFN basis. An additional $4,937 million of imports are MFN dutiable and hence excluded from the GSP. The items affected by the GSP are distributed among the various categories as follows:

	Millions of dollars
(*a*) GSP unlimited	
Free	284
Reduced	347
(*b*) GSP tariff quotas	
Free	690
Reduced	6
(*c*) GSP ceiling, surveillance or other restrictions	
Free	1,887
Reduced	261

Thus, the total imports covered under various forms of GSP amount to $3,475 million.

6. The erosion of preferential margins due to the four alternative tariff-cutting schemes can be read directly from the table below. The table may be summarized as follows: [c]

(*a*) *First alternative*: Out of a total of $3,475 million of GSP-covered trade, this alternative will eliminate from preferences $1,950 million of imports, or 56 per cent of the total. The largest erosion would occur in trade categories under GSP unlimited/free and GSP ceiling/free. Following this technique, the largest value of imports left under preferences, i.e. $1,395 million, would fall within the MFN tariff range 5.1 and 10 per cent. Preferential trade remaining under MFN tariffs superior to 10 per cent amounts to only $131 million of imports. Preferential margins would be equal to MFN tariffs only in the case of trade flows to which duty-free GSP rates apply and would be lesser for trade flows subject to GSP rates higher than zero.

(*b*) *Second alternative*: This technique eliminates $758 million of GSP-covered trade from preferences, or 22 per cent of the total. The largest erosion would occur in the GSP unlimited/free category. The largest value of imports left under preferences, i.e., $2,434 million, would fall within the MFN tariff range 2.6 to 10 per cent. Only $32 million of preferential imports would fall within MFN tariffs superior to 10 per cent.

(*c*) *Third alternative*: This alternative does not eliminate any trade from preferences, but simply reduces the margins available to the developing countries. A proportion of 74 per cent of preferential imports, i.e. $2,586 million would fall within MFN tariff range 2.6 to 10 per cent, while only $131 million worth of preferential imports would fall within MFN tariffs superior to 10 per cent.

(*d*) *Fourth alternative*: This alternative is similar to the one above in that no amount of imports are eliminated from the preferences, and only the margins are reduced. The difference is that a larger amount of preferential imports, $565 million, would fall within MFN tariffs superior to 10 per cent.

7. It would appear from this preliminary analysis that the third and fourth alternatives are preferable, since they do not exclude from preferences any trade which is at present covered under the GSP schemes. The fourth alternative is the better of the two, because it retains a larger proportion of developing country imports under preference margins superior to 10 per cent.

[a] This note is based on information contained in GATT, *The Generalized System of Preferences and MFN Tariff Reductions* (Geneva), December 1974).

[b] These markets are Canada, Australia, New Zealand, EEC, Japan, Austria, Finland, Norway, Sweden and Switzerland. The United States of America is excluded since its scheme of generalized preferences was not in effect at the time when this study was being prepared.

[c] The figures in this summary refer to the "maximum" values shown in the table, which includes all trade under the lines covering the ex-items.

GSP and MFN tariff reductions: ten industrial markets combined

(Imports from developing countries in millions of dollars)

	Current MFN rate	Reduction schemes: Imports 1	Imports 2	Imports 3	Imports 4
Total imports	28 096	28 096	28 096	28 096	28 096
of which:					
MFN duty-free	20 021	22 749	20 936	20 021	20 021
MFN dutiable—no GSP	4 937	4 113	4 781	4 937	4 937
A. GSP unlimited					
(i) Free					
MFN duty range					
0.1- 2.5	99	—	7	192	99
2.6- 5.0	93	—	56	58	99
5.1- 7.5	18	25	21	25	38
7.6-10.0	41	4	5	4	21
10.1-15.0	25	1	2	1	21
15.1-25.0	4	3	—	3	4
Over 25.0	3	—	—	—	—
Total	284	35	92	284	284
(ii) Reduced					
MFN duty range					
0.1- 2.5	54	—	2	85	54
2.6- 5.0	31	—	30	20	33
5.1- 7.5	9	103	124	103	13
7.6-10.0	11	66	81	66	18
10.1-15.0	103	37	22	37	160
15.1-25.0	89	32	1	32	68
Over 25.0	49	4	—	4	—
Total	347	242	263	347	347
B. GSP tariff quotas					
(i) Free					
MFN duty range					
0.1- 2.5	—	—	9	—	—
2.6- 5.0	—	—	308	135	9
5.1- 7.5	49	339	293	339	126
7.6-10.0	86	204	76	204	254
10.1-15.0	339	6	5	6	289
15.1-25.0	208	2	—	2	11
Over 25.0	6	4	—	4	—
Total	690	555	690	690	690
(ii) Reduced					
MFN duty range					
0.1- 2.5	—	—	—	—	—
2.6- 5.0	—	—	1	—	—
5.1- 7.5	—	—	—	—	—
7.6-10.0	—	—	3	—	—
10.1-15.0	—	2	2	2	—
15.1-25.0	—	3	—	3	5
Over 25.0	5	1	—	1	—
Total	6	5	6	6	6

C. GSP ceiling, surveillance or other limitations					
(i) Free					
MFN duty range					
0.1- 2.5	81	—	232	405	81
2.6- 5.0	324	—	947	878	394
5.1- 7.5	522	437	272	437	693
7.6-10.0	357	154	32	154	478
10.1-15.0	437	13	—	13	234
15.1-25.0	165	1	—	1	6
Over 25.0	1	—	—	—	—
Total	1 887	603	1 481	1 887	1 887
(ii) Reduced					
MFN duty range					
0.1- 2.5	—	—	—	76	—
2.6- 5.0	76	—	107	100	76
5.1- 7.5	31	40	52	40	76
7.6-10.0	69	23	26	23	31
10.1-15.0	40	22	—	22	78
15.1-25.0	44	—	—	—	1
Over 25.0	1	—	—	—	—
Total	261	85	185	261	261

Source: GATT, *The Generalized System of Preferences and MFN Tariff Reductions* (Geneva, December 1974). The figures do not always add up to the totals given, owing to rounding.

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