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**Working Paper**

## The European Community's System of Generalized Tariff Preferences: A Critique

Center Discussion Paper, No. 132

**Provided in Cooperation with:**

Yale University, Economic Growth Center (EGC)

*Suggested Citation:* Cooper, Richard (1971) : The European Community's System of Generalized Tariff Preferences: A Critique, Center Discussion Paper, No. 132, Yale University, Economic Growth Center, New Haven, CT

This Version is available at:

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CENTER DISCUSSION PAPER NO. 132

THE EUROPEAN COMMUNITY'S SYSTEM OF GENERALIZED  
TARIFF PREFERENCES: A CRITIQUE

Richard N. Cooper

November 1971

Note: Center Discussion Papers are preliminary materials circulated to stimulate discussion and critical comment. References in publications to Discussion Papers should be cleared with the author to protect the tentative character of these papers.

The European Community's System of Generalized

Tariff Preferences: A Critique

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On July 1, 1971, the European Community introduced a system of generalized tariff preferences for less developed countries. This followed nearly five years of intense discussion among the major industrial countries about how best to respond to an appeal by the United Nations Conference on Trade and Development (UNCTAD) to help improve the trading opportunities, especially in new manufacturing industries, of the poor but developing countries of the world. In the end, agreement could be reached only on broad principles, and the European Community put its own plan into effect. The European Community hailed the introduction of its scheme as a "generous response" to the needs of developing countries, and urged other industrial countries to follow its lead. It was soon followed by Japan with a similar plan and the United Kingdom with a quite different plan.

It is the purpose of this short paper to explore tentatively just how generous the European tariff preference scheme is, and how likely it is to provide the stimulus to new exports and new investment in developing countries that is the ultimate objective of generalized tariff preferences. It also assesses the scheme on the assumption that the United Kingdom were to adopt the European scheme following enlargement of the Community, although in fact there seems to be no undertaking on how to bring together the rather

different British and European schemes after Britain enters the European Community. It concludes that whether Britain is in or out, the European scheme is not very generous at all in furthering the economic objectives of developing countries.

#### Nature of the European Scheme

The Community's scheme offers duty-free entry for all manufactures from developing countries (except Taiwan) defined in terms of roughly 1000 4-digit Brussels Tariff Nomenclature (BTN) categories, up to a certain quota or ceiling. Beyond that ceiling, imports will pay the full most-favored-nation (MFN) duty. In practice, quotas have been established administratively for only a selected list of "sensitive" commodities, with others merely subject to surveillance and later decisions.

The formula for the duty-free quota comprises two parts: the basic quota, equal to exports of all developing countries of a particular 4-digit product group to the Community in a base year, initially 1968, but subject to later change; and a supplementary quota, equal to five percent of imports of that product group from other developed countries (including Communist countries, but excluding intra-Community trade) in the most recent year for which data are available. Moreover, no single developing country is entitled to more than half the total quota for each commodity, and in some cases no more than 20 or 30 percent, but this secondary limitation will not influence the analysis that follows. Algebraically, the global quota for any particular commodity

group i can be written as:

$$q_{it} = x_{i0} + .05 (X_{i,t-2} - x_{i,t-2})$$

where  $q_t$  is the quota in year  $t$ ;  $x_0$  is imports into the Community from all developing countries in the base year, 1968;  $x_{t-2}$  is imports from all developing countries in year  $t-2$ , taken to be the most recent year for which data are available; and  $X_{t-2}$  is imports from all countries (excluding intra-Community trade) in year  $t-2$ .

It should be noted that the tariff quota in any year depends on observations for past years, and that delays in data collection mean that the supplementary quota will be based on data covering a period about two years earlier than the year to which the quota applies.

This reliance on past data, in combination with the very rapid growth in exports of manufactures that the developing countries have in fact achieved in recent years, without the help of tariff preferences, means that the Community's tariff preference scheme will offer little additional incentive to developing countries, either to export or to invest. The normal growth in exports rapidly overtake, and in many cases has already overtaken, the duty-free quota, so additional exports must pay the full duty.

To see this point, the tariff quota formula can be rewritten (the subscript  $i$  is suppressed) as:

$$q_t = x_0 \left[ 1 + \frac{.05}{s_0} \frac{X_{t-2}}{X_0} - .05 \frac{x_{t-2}}{x_0} \right],$$

where  $s_0 = x_0/X_0$ , the share of developing countries in total imports in the base year. Thus the quota is seen to depend on this share, on  $x_0$ , and on the growth both in total imports and in imports from developing countries since the base period.

Using this expression, we can calculate how many years it will take for imports to overtake the quota as a function of  $s_0$  and the growth of imports from developing countries, on the assumption that total imports grow at about 10 percent a year, as they did on average in the 1960s (although not for each commodity group). The results are shown in Table I. There it can be seen that

Table I

Years for Imports to Reach Duty-free Quota

Initial Import Share of Developing Countries	Annual Rate of Growth of Imports from Developing Countries			
	5	10	15	20
1	$\infty$	$\infty$	28.4	16.9
5	$\infty$	16.2	6.4	4.3
10	$\infty$	5.0	2.9	2.1
20	5.0*	2.0	1.4	1.1
30	2.3*	1.3	0.9	0.7

the results depend very much both upon the rate of growth and the initial import share. In fact, <sup>European</sup> imports of manufactures from developing countries grew at nearly 15 percent a year during the 1960s. Under these circumstances, it would take  $6\frac{1}{2}$  years for imports to overtake the quota if the initial share were 5 percent, but less than two years if it were 20 percent. The quota offers the biggest gain in the first year; thereafter it grows slowly, so rapidly growing imports will eventually overtake it.

\* Quota will overtake imports again after 29 years for  $s = .20$  and 40 years for  $s = .30$ .

The Scheme in Operation: An Illustration for 1969-70

Some idea of how the scheme may be expected to operate can be had by supposing that it was actually in effect in 1969 and 1970. This exploration will represent only an approximation, however, for several reasons. The scheme itself will define about 1000 commodity groups, whereas published trade data for the European Community are most readily available for about 75 categories of imports of manufactures under the Standard International Trade Classification (SITC). Use of the latter/ both errors of approximation and to errors of aggregation. Second, in order to explore the data for two years it will be assumed that the supplementary quota is determined with only a one year lag, rather than the almost certain two year lag. This assumption exaggerates the generosity of the scheme in a period of rapidly growing imports.

The results, shown in detail in Appendix Table A, are summarized by major commodity category in Table 2. There it can be seen that developing countries would have been able to increase their exports of chemicals by \$50 million in 1969 under duty-free treatment, but that this scope for expansion was reduced to only \$39 million in 1970. Moreover, four of the SITC categories of chemicals for which data were available had already exhausted their quotas in 1969, the first year of assumed operation, and by 1970 six categories had exceeded their quotas, leaving most of the room for expansion in organic chemicals and plastics (see Table A).

A similar situation exists for the other major categories of imports, with the exception of machinery and transport equipment, where the tariff quotas are large compared with the low level of exports by developing countries.

The results for the machinery and transport category indicate an essential feature of the scheme: it is most generous for those products in which the developing countries are least competitive, and the most generous quotas of all are for those products, such as jet aircraft and advanced computers, which the developing countries have little hope of exporting for many years, duties or not. In contrast, it offers little incentive, or none at all, to expand exports of those products which are currently of greatest interest to the developing countries, for such exports must pay, or expect soon to pay, the full tariff duty. Total estimated unused quotas would have amounted to well under ten percent of total developing country exports to the EEC in the important areas of miscellaneous manufactures (SITC 6 + 8), where their trade interest is greatest.

It might be noted that the quotas listed in Table 2 for 1970 are comparable to the quotas applicable to 1971, since the scheme that actually went into effect was based on 1968 and 1969 trade data. Imports of developing countries continued to grow rapidly in 1971, so the unused quotas would be even lower than those shown here for 1970.

The data in Table 2 must be taken as illustrative only, for the scheme is based on the Brussels nomenclature and that system of classification for tariffs does not match exactly the SITC commodity data summarized in Table 2. But they do suggest that the actual trade benefits to the developing countries are likely to be limited.

In practice, the scheme is not as simple as implied above. First, special and somewhat more restrictive treatment is accorded to textiles and footwear.

Second, any binding quota system must allocate the quotas in some way, and this allocation is likely to limit still further the gains to developing countries.

The European Community extends duty-free treatment on most cotton textiles to only seven countries that have adhered to the Long-Term Cotton Textile Agreement, and under that Agreement, of course, textile exports to the European Community are restrained by the exporting countries. Non-cotton textiles are also subject to special quotas, generally more restrictive than the generally applicable duty-free quota. For both / <sup>cottons and non-cottons</sup> the tariff quotas on some products are limited to actual imports in 1968, with no supplementary quota. Rough estimates suggest that imports of textile products and shoes from developing countries / exceeded the quotas even for 1969, except for some special textiles that apparently were not regarded as "sensitive". Thus unused quotas appear to be low or non-existent here as well as for other categories of manufactures.\* In addition expansion of imports of cotton textiles will be blocked by other restraints, imposed under the LTA.

Moreover, the European Community has no machinery for applying quotas throughout the Community, so implementation has been delegated to the national authorities, on the basis of a formula allotting 37 percent of the quotas to Germany, 27 percent to France, and smaller amounts to other member countries. These quotas in turn must be allocated in some way. Germany, for instance,

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\* Estimates are even more difficult for textiles than for other products because the quota formula varies from product to product--no supplementary quotas for some, a shortened list of eligible countries for others--and the readily available trade statistics do not permit such a fine division.

has allotted its quotas to traditional importers, product by product, while the Netherlands proposes to allocate the quotas largely on a "first come, first served" basis. Under either system, or any other that eschews allocation on the basis of exporting countries (which would violate the "generalized" character of the scheme), there is considerable chance that the developing countries will not even benefit from the tariff revenue foregone by the Community. Where imports exceed the quotas, countries are able to sell in the Community despite the tariff; and where this is so, producers in developing countries may compete with one another sufficiently strongly to bid down the sales price even on duty-free imports to the same point prevailing on dutiable products. Under these not unlikely circumstances, the real beneficiaries of the Community's generalized tariff preference scheme will be the European importers lucky enough to get the duty-free quotas.

The individual country limitations--50 percent of quota on most products and as low as 20 percent on some textiles--provide some mitigation for the restrictive character of the scheme sketched above. To the extent that some countries--e.g. Yugoslavia, Hong Kong--hit these ceilings, unused quotas may be available to other, less competitive countries. But the scheme remains highly restrictive even with this qualification.

#### Stimulus to Trade and Investment in Developing Countries

The ultimate purpose of tariff preferences for developing countries is to stimulate their development by encouraging the exportation of manufactured goods. New encouragement to exports will stimulate investment, both by local

Table 2  
Summary of Imports of Manufactures into European  
Community from Developing Countries,  
Quotas and Unused Quotas  
(\$ million)

SITC	Total Imports (excluding intra-EC)	Imports from Develop- ing countries	Tariff Free Quotas	Unused Quotas	Share of cate- gories over quota
<b>Chemicals #5</b>					
1968	1,754.9	104.1			
1969	2,083.9	145.1	186.3	49.5	4/12
1970	2,589.9	202.1	200.3	39.0	6/12
<b>Semi-finished #6 (excl. 65 &amp; 68)</b>					
1968	2,728.5	302.3			
1969	3,549.8	418.6	423.6	60.1	6/22
1970	4,620.8	579.7	513.2	47.5	9/22
<b>Machinery and #7</b>					
<b>Transportation</b>					
1968	4,588.9	70.6			
1969	5,616.0	97.4	296.6	201.4	2/15
1970	6,874.7	134.4	349.5	217.6	0/15
<b>Other finished #8</b>					
<b>Manufactures</b>					
1968	1,557.9	211.7			
1969	2,021.8	339.1	279.0	39.8	5/15
1970	2,646.5	543.1	295.7	34.7	10/15

Source: Appendix Table A

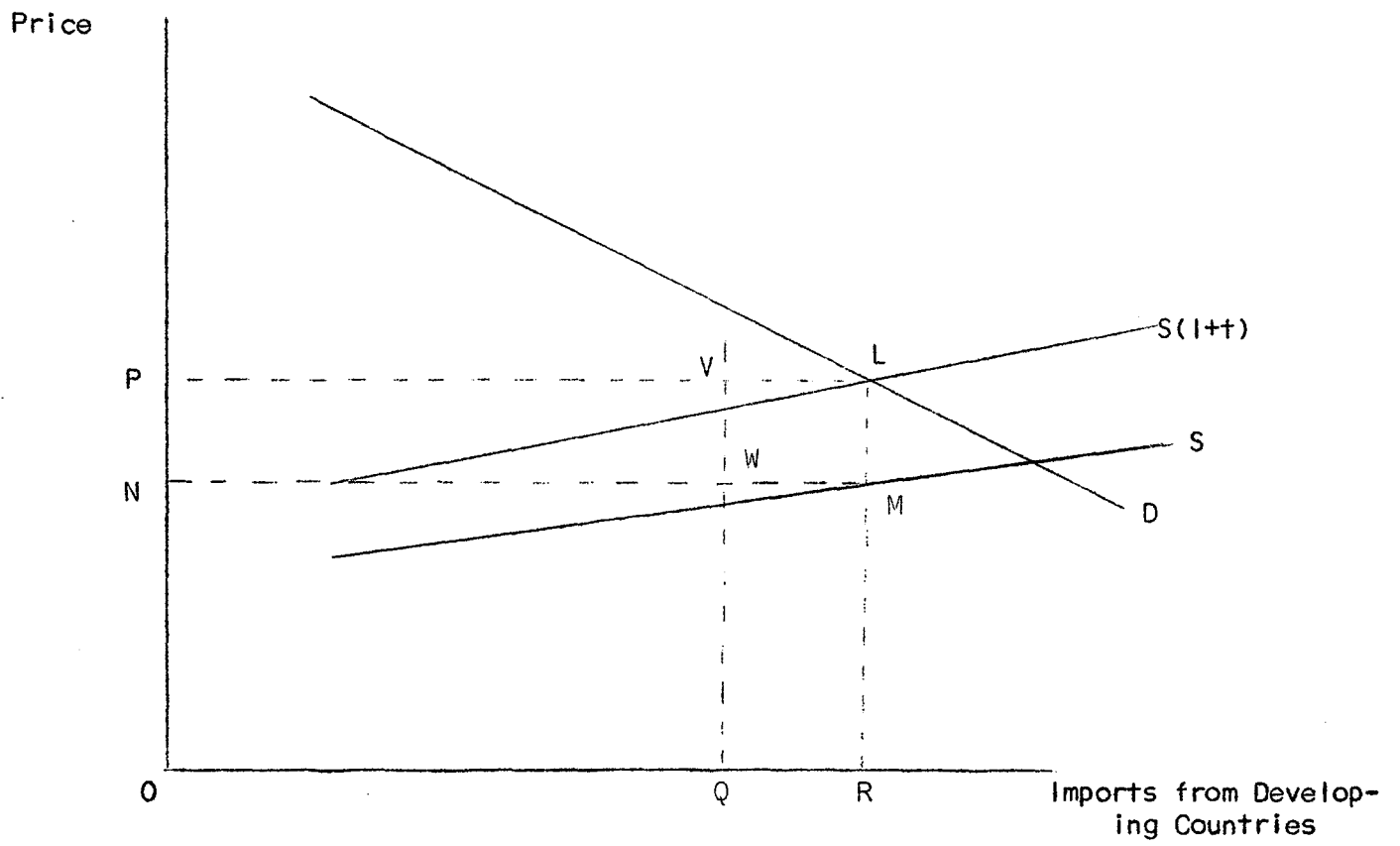
entrepreneurs and by foreigners.\* But if actual exports exceed the quota ceilings, so that m.f.n. duties must be paid on the excess, then there will be no new incentive where it counts, at the margin. Neither exports nor investment will be stimulated.

The point can be made by considering Figure 1, where the European Community's demand for imports of a particular manufactured product from developing countries is depicted, along with the supply curve of such product, both inclusive and exclusive of tariff. Note that this demand curve already allows for substitution between Community imports from developing countries and from other developed countries, for it represents only the former. Before introduction of the duty-free quotas imports will be OR at a domestic (tariff inclusive) price of OP. Tariff revenues NPLM will be collected on these imports. Introduction of a duty-free quota OQ will not alter the domestic price or the quantity of imports at all; L still represents the market clearing equilibrium point. The only issue raised by the introduction of the quota is the distribution of that part of the revenue, NPVW, that corresponds to exporting countries, the duty-free quota. With luck or collusion among the /it will represent a transfer to them in the form of higher prices; with quotas allocated to European importers or on a first-come, first-served basis, however, competition among the exporters will keep the c.i.f. price excluding

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\* H. G. Johnson has placed special emphasis on the attraction of foreign investors arising from new preference-induced export opportunities. See his Economic Policies Toward Less Developed Countries, Washington: The Brookings Institution, 1967, pp. 194-195.

Figure 1



tariff at ON, and all the gains will / <sup>accrue</sup> to the European importers holding the quotas. But even if developing countries do receive some of this foregone revenue, they will still have no incentive to expand exports and investment. The stimulus to development will be negligible.

This rather pessimistic appraisal must be qualified in several respects. First, Community officials say privately that the scheme will be administered in a liberal way. The tariff quota in principle applies to all manufactures. But in fact the Community has distinguished a list of "sensitive" manufactures from all others, and initially machinery for administering the quotas was established only for these sensitive products, which include certain textiles, footwear, plywood, crockery, and assembled transistors. A longer list of quasi-sensitive products has been placed under close surveillance (implying special efforts to gather and cumulate import information more quickly than is normally done) "to prevent undue damage to Community products," and still others are not even under special surveillance.\* Thus it is possible that for some products duty-free treatment will extend beyond the amounts allowed by the quotas.

But this apparent laxity hardly provides the basis for long-term investment and export promotion. The possibility that the quotas may be imposed, indeed the likelihood if imports grow rapidly and domestic producers complain, is bound to make any prospective investor think twice about it.

In view of these facts, it is difficult to take seriously the contention of the Community that "the Community's decision (to introduce the scheme)

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\* Community press release of April 22, 1971.

will give immediate and significant benefit to developing countries ... and ... gives further proof, if any were needed, that far from being protectionist, ... it is both liberal-minded and outward-looking.<sup>11\*</sup>

It may nonetheless be true, however, despite the restrictiveness of the scheme, that it stimulates exports from developing countries. This stimulation may arise, first, by drawing attention in a world of imperfect information to the possibility of exporting to Europe, and thereby inducing exports that could take place profitably even over the tariff walls, but did not because of market ignorance; and second, by providing an "entering wedge" to the further liberalization of European import practices. The principle of preferential treatment has been established, and developing countries may be expected to press hard for its realization once the restrictive character of the present scheme is recognized.

Impact on Exports of Commonwealth Countries with an Enlarged  
European Community

The question of generalized tariff preferences appears not to have been subject to negotiation in Britain's application for membership in the Community. That seems to imply that Britain may go ahead, at least during the transitional period, to apply her own more generous scheme of generalized tariff preferences. Ultimately, however, Britain and the Community will have to bring their schemes into correspondence. It is therefore worth asking how the developing countries would have fared if Britain had been part of the Community and if the Community's scheme had been in effect in 1969 and 1970. The results comparable to those in Table 2 are shown in Table 3. (Details can be found in Appendix Table B).

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\*  
Ibid.

Qualitatively the results are the same as for the Community alone. Unused quotas into the enlarged Community are somewhat larger in dollar terms, but they represent less room for expansion in percentage terms. Imports into Britain from developing countries have grown less rapidly than into the Community, so they would take longer to overtake any given quota; but the initial share of British imports coming from developing countries was higher than for the Community, so the growth component of the quota formula is correspondingly reduced, producing a pattern not very different from that for the Community alone. As a result, the categories for which there would have been unused quotas in 1970, accounted for only 17% of exports of developing countries to the enlarged Community; 83% would have hit the tariff-quota ceiling, even when textiles are excluded, and this percentage rises to 88 if textiles are included.

A further factor is involved in considering exports of Commonwealth developing countries. These countries enjoy tariff preferences--often duty-free treatment--in the British market before Britain's entry into the Community. Adoption of the Community's tariff-quota scheme would therefore lead to the imposition of m.f.n. duties to those Commonwealth products that exceeded the tariff-free quotas. This would apply to many, if not most, of the products of greatest export interest to these developing countries. Thus at the crucial margin, Commonwealth products would be subject to duties that exceed those now prevailing in Britain, and for these products adoption of the Community scheme by Britain would actually discourage exportation and investment, the direct opposite of what is ostensibly intended.

Table 3  
Summary of Imports of Manufactures from Developing  
Countries into European Community plus United Kingdom  
(\$ million)

	SITC	Total Imports (excl. EEC-UK trade)	Imports from Developing Countries	Tariff- Free Quotas	Unused Quotas	Share of cate- gories over quota
Chemicals #5	1968	2,037.6	168.6			
	1969	2,376.1	218.8	262.1	54.8	3/12
	1970	3,990.3	284.0	276.6	21.8	9/12
Semi-finished #6 (excl. 65 & 68)	1968	4,014.7	566.7			
	1969	4,938.1	695.3	739.3	86.9	6/23
	1970	9,214.0	854.9	779.1	102.8	6/23
Machinery and #7 Transportation	1968	5,206.8	136.0			
	1969	6,248.0	177.0	389.7	215.1	0/15
	1970	10,929.3	230.4	439.7	216.5	2/15
Other finished #8 Manufactures	1968	1,856.5	435.4			
	1969	2,638.5	595.6	521.6	53.7	5/15
	1970	7,313.5	814.8	537.5	37.5	9/15

Source: Appendix Table B

Duty-free Tariff Quotas and Imports of Manufactures from Developing  
Countries into EEC

(\$ million)

SITC	Import Category	Imports from LDCs in 1968	Quota 1969	Imports from LDCs in 1969	Unused Quota in 1969	Quota 1970	Imports from LDCs in 1970	Unused Quota in 1970	Quota 1971
61	Leather manufactures	75.6	79.8	109.6	--	85.0	145.0	--	85.0*
611	Leather	70.9	72.8	101.7	--	72.9	136.0	--	74.1
613	Fur skins	3.1	4.8	4.8	--	5.9	5.9	--	5.9
621	Materials of rubber	4.8	10.2	4.6	5.6	11.6	9.2	2.4	13.8
629	Articles of rubber	4.5	9.3	4.3	5.0	9.9	8.6	1.3	12.4
63	Wood and cork manufactures	25.6	30.0	40.2	--	35.0	49.1	--	35.0
631	Worked woods	18.7	20.8	31.9	--	21.5	35.9	--	22.3
633	Cork manufactures	1.7	2.6	2.2	.4	2.6	3.3	--	3.2
641	Paper and paperboard	6.6	36.2	9.2	27.0	41.5	12.7	28.8	55.9
642	Articles of paper and pulp	.5	2.9	.7	2.2	3.3	1.0	2.3	4.5
65	Non-metallic mineral manufactures	119.4	149.5	157.6	--	185.7	228.9	--	185.7
661	Cement, etc.--building products	2.0	3.6	2.4	1.2	3.6	3.8	--	4.6
662	Refractory and clay construction Materials	1.8	4.2	2.8	1.4	5.0	3.5	1.5	5.8
663	Mineral manufactures	1.3	4.4	1.6	2.8	5.2	2.5	2.7	6.5
664	Glass	1.3	2.5	1.1	1.4	3.0	2.5	.5	3.4
667	Pearls and precious and semi-precious stones	108.1	128.1	143.6	--	131.5	207.3	--	141.3
67	Iron and steel	60.5	90.0	85.3	4.7	106.3	116.0	--	109.6
671	Pig iron, sponge iron, spiegeleisen, etc.	41.5	47.1	49.3	--	47.9	79.6	--	50.8
672	Ingots and other primary forms of iron and steel	5.9	11.8	10.7	1.1	18.4	11.3	7.1	18.4*
673	Iron and steel bars, rods, angles, shapes and sections	4.1	8.6	9.2	--	10.9	7.9	3.0	11.5
674	Universals, plates and sheets	6.0	13.8	10.0	3.8	18.2	11.5	6.7	19.0
678	Tubes, pipes and fittings	2.6	6.4	4.7	1.7	7.6	5.0	2.6	8.9
69	Manufactures of metals	9.3	25.0	11.4	13.6	44.8	17.8	27.0	44.8*
694	Nails, screws, nuts, bolts, rivets, etc.	.3	1.9	.7	1.2	2.6	.6	2.0	3.0
695	Tools for use in the hand or in machines	1.8	7.0	2.5	4.5	8.7	3.5	5.2	10.5
696	Cutlery	1.5	2.4	1.6	.8	2.5	2.9	--	3.0
697	Domestic instr. and house equipment	3.1	4.3	3.3	1.0	4.3*	5.9	--	5.1
698	Manufactures of metal	2.5	7.8	3.2	4.6	8.4	4.8	3.6	10.9
Total		302.3	423.6	418.6	60.1	513.2	579.7	47.5	534.3

Duty-free Tariff Quotas and Imports of Manufactures from Developing  
Countries into EEC

(\$ million)

SITC	Import Category	Imports from LDCs in 1968	Quota 1969	Imports from LDCs in 1969	Unused Quota in 1969	Quota 1970	Imports from LDCs in 1970	Unused Quotas in 1970	Quota 1970
81	Sanitary, plumbing, heating and lighting fixtures	3.6	5.6	4.4	1.2	6.0	9.2	--	6.8
82	Furniture	10.7	13.5	12.7	.8	14.2	27.5	--	15.0
83	Travel goods, handbags and similar articles	3.2	3.6	6.8	--	3.6	8.2	--	3.8
84	Clothing	129.1	138.7	219.6	--	142.2	331.2	--	144.1
841	Clothing, except fur clothing	128.4	132.1	217.5	--	138.9	329.4	--	138.9*
85	Footwear	17.7	19.5	24.7	--	20.0	45.4	--	20.5
86	Scientific and photographic instru- ments, watches	5.0	30.3	6.9	23.4	35.9	12.8	23.1	44.6
861	Scientific, medical, optical instru- ments	3.5	20.0	5.3	14.7	24.3	9.0	15.3	29.3
862	Photographic and cinematographic supplies	.6	4.4	.7	3.7	5.0	1.5	3.5	6.5
864	Watches and clocks	.5	4.9	.7	4.2	5.5	1.3	4.2	7.4
89	Miscellaneous manufactured articles	42.4	67.8	64.0	3.8	73.8	108.8	--	82.1
891	Musical instruments, sound re- corders and reproducers	.7	8.8	.9	7.9	9.3	1.8	7.5	13.4
892	Printed matter	1.2	6.2	1.5	4.7	7.3	3.1	4.2	9.0
893	Articles of artificial plastic materials	2.3	4.4	3.6	.8	5.1	5.9	--	5.6
894	Perambulators, toys, games and sporting goods	15.8	21.0	22.2	--	22.0	40.5	--	23.9
896	Works of art, collector's pieces and antiques	2.9	5.0	3.2	1.8	5.6	7.4	--	6.1
897	Jewelery	3.0	3.9	4.8	--	4.0	7.7	--	4.3
899	Manufactured articles	16.4	20.0	28.1	--	20.6	42.1	--	22.0
Total	Miscellaneous manufactured articles	211.7	279.0	339.1	39.8	295.7	543.1	34.7	316.9

Table A-3

Duty-free Tariff Quotas and Imports of Manufactures from Developing  
Countries into EEC  
(\$ million)

SITC	Import Category	Imports in 1968	Quota 1969	Imports in 1969	Unused Quota 1969	Tariff Quota 1970	Imports in 1970	Unused Quotas in 1970	Tariff Quota 1971
51	Chemical elements and compounds	48.7	82.0	75.0	7.0	89.9	94.6	--	96.8
512	Organic chemicals	21.9	47.4	31.1	16.3	52.7	42.5	10.2	53.7
513	Inorganic chemicals, elements, oxides, halogen salts	19.5	23.5	33.5	--	25.0	37.9	--	25.3
514	Other inorganic chemicals	2.3	4.9	4.9	--	5.7	4.5	1.2	6.1
52	Mineral tar and crude chemicals	1.4	2.5	3.0	--	2.5*	2.7	--	3.0
53	Dyeing, tanning and coloring materials	6.5	12.3	7.9	4.4	13.2	12.6	.6	14.8
531	Synthetic organic dyestuffs	.2	3.4	.2	3.2	4.0	.4	3.6	4.9
533	Pigments, paints, etc.	.2	2.4	.1	2.3	2.9	.4	2.5	3.6
54	Medicine and pharmaceutical products	13.3	25.2	19.4	5.8	25.2*	25.8	--	30.1
55	Essential oils and cleansing pre- parations	20.3	24.5	20.1	4.4	25.2	39.4	--	25.4
551	Essential oils, perfume, etc.	19.2	20.3	19.5	.8	21.4	37.3	--	21.4*
56	Fertilizers, manufactured	6.2	7.8	8.8	--	8.2	12.0	--	8.5
57	Explosives and pyrotechnic products	1.0	1.5	1.4	.1	1.5	1.9	--	1.7
58	Plastic materials, cellulose, and resins	.8	12.4	2.1	10.3	14.6	1.6	13.0	18.6
59	Chemical materials and products	5.9	18.1	7.4	10.7	20.0	11.5	8.5	23.6
Total	Chemicals	104.1	186.3	145.1	49.5	200.3	202.1	39.0	223.5
711	Power generating machinery, non- electric	7.8	26.9	9.1	17.8	29.2	14.8	14.4	36.3
712	Agricultural machinery and implements	.5	5.9	.2	5.7	6.5	1.0	5.5	8.5
714	Office Machines	9.3	31.2	12.4	18.8	40.1	17.7	22.4	41.9
715	Metalworking machinery	.8	8.8	1.9	6.9	11.4	1.5	9.9	12.7
717	Textile and leather machinery	1.5	11.2	1.4	9.8	14.1	2.9	11.2	15.9
718	Machines for special industries	1.0	14.5	1.2	13.3	16.8	1.9	14.9	21.2
719	Machinery, appliances and parts, non- electric	4.3	49.2	6.2	43.0	61.3	8.2	53.1	71.3
72	Electrical machinery, apparatus and appliances	20.7	69.9	38.3	31.6	85.9	39.4	46.5	94.1
722	Electric power machinery and switchgear	3.6	16.0	6.9	9.1	19.7	6.9	12.8	22.1
724	Telecommunications apparatus	7.8	15.1	9.9	5.2	17.5	14.8	2.7	18.7
725	Domestic electrical equipment	1.1	3.4	3.6	--	4.2	2.1	2.1	4.5
729	Other electrical machinery and apparatus	5.3	32.4	13.8	18.6	41.0	10.1	30.9	45.7
73	Transport equipment	24.7	79.0	26.7	52.3	84.2	47.0	37.2	105.6
731	Trains	2.1	2.4	3.1	--	4.5	4.0	.5	4.5*
732	Road motor vehicles	4.8	25.1	6.1	19.0	28.9	9.1	19.8	35.0
734	Aircraft	11.7	38.4	9.7	28.7	38.5	22.3	16.2	51.5
735	Ships and boats	5.9	11.5	6.0	5.5	12.4	11.2	1.2	14.2
Total	Machinery and transport equipment	70.6	296.6	97.4	201.4	349.5	134.4	217.6	407.5

\* Quota formula shows a decline, so quota is held unchanged from previous year

Note: Sum of three-digit categories sometimes differ from corresponding two-digit categories by inclusion of imports not shown separately.

Source: Trade Data for 1968 and 1969, OECD, Trade Statistics, Series B: 1970 data were estimated by assuming the growth in each commodity category bore the same relationship to overall import growth 1969-70 as it did in 1968-69.

## Duty-free Tariff Quotas and Imports of Manufactures from Developing

Countries into EEC Enlarged by United Kingdom

(\$ million)

SITC	Import Category	Imports from LDCs in 1968	Quota 1969	Imports from LDCs in 1969	Unused Quota in 1969	Quota 1970	Imports from LDCs in 1970	Unused quota in 1970	Quota 1971
61	Leather manufactures	112.4	117.1	149.8	--	118.3	169.5	--	119.5
611	Leather	106.7	109.0	140.1	--	109.2	160.9	--	110.2
613	Fur skins	3.6	5.5	5.6	.1	6.6	5.4	1.2	6.6*
621	Materials of rubber	1.4	2.4	1.1	1.3	2.6	2.1	.5	2.9
629	Articles of rubber	7.8	13.0	8.5	4.5	13.4	11.8	1.6	15.6
63	Wood and cork manufactures	53.6	66.6	69.0	--	66.8	80.9	--	73.3
631	Worked woods	44.2	53.5	58.3	--	53.9	66.7	--	58.3
633	Cork manufactures	1.7	2.8	2.2	.6	2.8	2.6	.2	3.4
641	Paper and paperboard	6.7	55.5	9.3	46.2	62.3	10.1	52.2	80.5
642	Articles of paper and pulp	2.1	4.8	1.5	3.3	5.3	3.2	2.1	6.1
66	Non-metallic mineral manufactures	301.1	342.8	345.5	--	352.8	454.2	--	364.1
661	Cement, etc.--building products	3.4	5.1	3.0	2.1	5.2	5.1	.1	5.9
662	Refractory and clay construction Materials	4.0	6.1	3.2	2.9	7.2	6.0	1.2	7.2
663	Mineral manufactures	3.8	6.3	4.9	1.4	6.9	5.7	1.2	7.6
664	Glass	4.0	5.0	3.2	1.8	5.5	6.0	--	5.5*
667	Pearls and precious and semi-precious stones	288.1	319.6	329.7	--	327.5	434.6	--	335.8
67	Iron and steel	62.5	100.7	89.1	11.6	117.7	94.3	23.4	120.3
671	Pig iron, sponge iron, spiegeleisen, etc.	42.9	51.2	50.0	1.2	53.0	64.7	--	55.5
672	Ingots and other primary forms of iron and steel	6.6	14.1	11.3	2.8	21.8	10.0	11.8	21.8*
673	Iron and steel bars, rods, angles, shapes and sections	4.2	10.2	9.6	.6	11.9	6.3	5.6	13.3
674	Universals, plates and sheets	6.1	15.4	10.0	5.4	19.3	9.2	10.1	20.1
678	Tubes, pipes and fittings	2.7	7.1	7.3	--	8.2	4.1	4.1	9.4
69	Manufactures of metals	19.1	36.4	21.5	14.9	39.9	28.8	11.1	45.3
694	Nails, screws, nuts, bolts, rivets, etc.	1.6	3.5	2.1	1.4	3.9	2.4	1.5	4.4
695	Tools for use in the hand or in machines	2.8	8.4	3.4	5.0	9.9	4.2	5.7	11.3
696	Cutlery	4.3	5.4	4.3	1.1	5.5	6.5	--	6.0
697	Domestic Instr. and House equipment	6.0	7.2	6.5	.7	7.4	9.1	--	7.8
698	Manufactures of metal	4.6	9.7	5.2	4.5	10.6	6.9	3.7	12.4
Total	Manufactured goods excluding textiles and non-ferrous metals	556.7	739.3	695.3	86.9	779.1	854.9	102.8	827.6

# Duty-free Tariff Quotas and Imports of Manufactures from Developing

Countries into EEC Enlarged by United Kingdom

(\$ million)

SITC	Import Category	Imports from LDCs in 1968	Quota 1969	Imports from LDCs in 1969	Unused Quota in 1969	Quota 1970	Imports from LDCs in 1970	Unused Quotas in 1970	Quota 1970
81	Sanitary, plumbing, heating and lighting fixtures	6.2	8.6	6.5	2.1	8.9	11.6	--	11.1
82	Furniture	14.0	17.4	14.9	2.5	17.9	26.2	--	21.0
83	Travel goods, handbags and similar articles	6.6	7.2	10.4	--	7.2	12.4	--	7.9
84	Clothing	250.6	263.8	362.1	--	267.4	468.9	--	277.8
841	Clothing, except fur clothing	251.4	258.2	360.2	--	267.2	470.4	--	267.2*
85	Footwear	41.8	44.9	51.2	--	45.5	78.2	--	48.1
86	Scientific and photographic instru- ments, watches	14.9	44.6	16.8	27.8	48.5	27.9	20.6	76.2
861	Scientific, medical, optical instru- ments	11.8	30.6	13.6	17.0	33.5	22.1	11.4	50.6
862	Photographic and cinematographic supplies	.9	5.0	.9	4.1	5.7	1.7	4.0	9.4
864	Watches and clocks	.8	7.0	1.1	5.9	7.2	1.5	5.7	13.6
89	Miscellaneous manufactured articles	101.3	135.1	133.7	1.4	142.1	189.6	--	171.1
891	Musical instruments, sound re- corders and reproducers	1.4	11.5	2.1	9.4	11.9	2.6	9.3	22.2
892	Printed matter	3.4	10.2	4.3	5.9	11.4	6.4	5.0	17.4
893	Articles of artificial plastic materials	7.7	10.3	9.5	.8	11.0	14.4	--	13.1
894	Perambulators, toys, games and sporting goods	43.9	49.8	46.7	3.1	50.2	82.2	--	56.0
896	Works of art, collector's pieces and antiques	4.9	9.2	6.3	2.9	11.3	9.2	2.1	13.9
897	Jewelery	5.9	7.0	7.5	--	7.2	11.0	--	8.2
899	Manufactured articles	33.7	38.2	57.2	--	39.0	63.1	--	43.1
Total	Miscellaneous manufactured articles	435.4	521.6	595.6	53.7	537.5	814.8	37.5	613.2

Table B-3

Duty-free Tariff Quotas and Imports of Manufactures from Developing  
Countries into EEC Enlarged by United Kingdom  
(\$ million)

SITC	Import Category	Imports in 1968	Quota 1969	Imports in 1969	Unused Quota 1969	Tariff Quota 1970	Imports in 1970	Unused Quotas in 1970	Tariff Quota 1971
51	Chemical elements and compounds	87.1	126.5	121.2	5.3	134.9	146.7	--	139.6
512	Organic chemicals	52.8	81.7	65.5	16.2	86.1	88.9	--	91.3
513	Inorganic chemicals, elements, oxides, halogen salts	23.1	29.0	41.4	--	31.1	38.9	--	31.1*
514	Other inorganic chemicals	6.2	9.8	8.8	1.0	10.5	10.4	.1	10.9
52	Mineral tar and crude chemicals	4.2	4.9	6.5	--	4.9*	7.1	--	5.2
53	Dyeing, tanning and coloring materials	7.4	13.7	8.8	4.9	14.4	12.5	1.9	15.8
531	Synthetic organic dyestuffs	.8	4.3	.8	3.5	4.9	1.3	--	5.5
533	Pigments, paints, etc.	1.4	3.8	1.6	2.2	3.9	2.4	--	4.6
54	Medicine and pharmaceutical products	18.1	28.6	26.2	2.4	29.1	30.5	--	32.1
55	Essential oils and cleansing pre- parations	25.6	30.0	25.2	4.8	30.6	43.1	--	31.4
551	Essential oils, perfume, etc.	24.3	25.9	24.0	1.9	26.9	40.9	--	26.9*
56	Fertilizers, manufactured	8.2	11.0	10.1	.9	11.2	13.8	--	11.9
57	Explosives and pyrotechnic products	1.5	1.9	2.0	--	2.0	2.5	--	2.0
58	Plastic materials, cellulose, and resins	2.9	17.6	3.9	13.7	20.1	4.9	15.2	22.5
59	Chemical materials and products	13.6	27.9	14.9	13.0	29.4	22.9	6.5	32.6
Total	Chemicals	168.6	262.1	218.8	54.8	276.6	284.0	21.8	293.1
711	Power generating machinery, non- electric	30.5	48.2	36.8	11.4	48.6	51.7	--	55.9
712	Agricultural machinery and implements	.6	5.2	.3	4.9	6.1	1.0	5.1	7.2
714	Office Machines	11.4	38.2	15.5	22.7	45.1	19.3	25.8	49.8
715	Metalworking machinery	1.4	10.5	2.4	8.1	12.7	2.4	10.3	14.4
717	Textile and leather machinery	1.9	12.7	2.3	10.4	14.7	3.2	11.5	17.3
718	Machines for special industries	2.3	17.3	2.5	14.8	19.2	3.9	15.3	23.7
719	Machinery, appliances and parts, non- electric	8.7	57.7	10.6	47.1	69.1	14.7	54.4	78.9
72	Electrical machinery, apparatus and appliances	44.9	102.3	66.6	35.7	118.3	76.1	42.2	127.2
722	Electric power machinery and switchgear	7.6	22.3	12.3	10.0	26.2	12.9	13.3	28.6
724	Telecommunications apparatus	18.5	28.6	21.5	7.1	30.8	31.3	--	32.9
725	Domestic electrical equipment	1.4	4.0	3.8	.2	4.5	2.4	2.1	5.1
729	Other electrical machinery and apparatus	14.2	44.0	24.7	19.3	53.1	24.1	29.0	57.0
73	Transport equipment	34.3	97.6	40.0	57.6	105.9	58.1	47.8	125.0
731	Trains	2.3	2.7	3.2	--	5.5	3.9	1.6	5.5*
732	Road motor vehicles	5.9	19.6	7.0	12.6	22.5	10.0	12.5	25.5
734	Aircraft	19.1	62.6	21.0	41.6	66.0	32.4	33.6	81.4
735	Ships and boats	6.9	11.9	7.0	4.9	13.7	11.7	2.0	14.0
Total	Machinery and transport equipment	136.0	389.7	177.0	215.1	439.7	230.4	216.5	499.4

\* Quota formula shows a decline, so quota is held unchanged from previous year

Note: Sum of three-digit categories sometimes differ from corresponding two-digit categories by inclusion of imports not shown separately.

Source: Trade Data for 1968 and 1969, OECD, Trade Statistics, Series B; 1970 data were estimated by assuming the growth in each commodity category bore the same relation-ship to overall import growth 1969-70 as it did in 1968-69.