National
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Recent Patterns of International Trade Restrictions

An Intelligence Assessment

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Recent Patterns of International Trade Restrictions

Central Intelligence Agency
National Foreign Assessment Center

September 1978

Summary

This study analyzes the upsurge in international trade restrictions since the OPEC oil price hikes in 1973 and 1974 and the subsequent slowdown in global economic activity. It examines the factors behind protectionist pressures and the reactions to these pressures by affected countries. Where feasible, it presents examples for specific countries of the volume of trade affected by recent import restrictions.

The recent restrictions have occurred despite periodic trade negotiations that, under the General Agreement on Tariffs and Trade (GATT), have dramatically reduced tariffs on imports since World War II. For example, the Kennedy Round of trade negotiations in the early 1960s cut industrial country tariffs on manufactured goods by 35 percent to an average of about 10 percent. The present round of trade negotiations is trying to lower existing tariffs by some 40 percent and formally to reduce nontariff trade barriers. Tariff reductions since World War II have contributed to a eighteenfold increase in world exports—from $53 billion in 1948 to more than $1 trillion in 1977—but nations adopting trade restrictions have shifted more and more to nontariff measures that can be taken within the GATT framework in special circumstances.

There are both cyclical and structural factors underlying the present climate of trade restriction. The cyclical factors derive from the sluggish global economic performance since 1973 that has raised unemployment in several industrial countries to the highest levels in over 20 years. (Some 17 million workers are estimated to be presently unemployed in countries associated with the Organization for Economic Cooperation and Development (OECD), excluding Portugal and Turkey.) The structural factors stem from fundamental changes in world production and consumption patterns since the 1960s that have been altering international trade flows. Because of shifting cost advantages, Japan has strengthened its position as a major exporter of

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higher technology industrial products. Developing countries like Hong Kong, Taiwan, and South Korea have become important suppliers of lower technology manufactures to industrial countries and are moving into higher technology areas with a widening range of exports. Industrial countries affected by these developments must make a long-run structural adjustment of production and employment, but the adjustment is being delayed by the economic pressures of the slow economic recovery and by the political pressures of business and labor interests.

The nontariff barriers that have dominated recent trade restrictions include import quotas, "voluntary" export agreements or orderly marketing arrangements imposed on exporting countries, minimum price regulations on imports, import licensing requirements, and antidumping regulations against goods imported at "unfair" prices. The restraints have been directed mainly at textiles, iron and steel, footwear, and selected consumer electronics, such as television receivers. These categories represent around 10 percent of world trade, but the value within the trade categories that have been affected by restrictions since 1975 is estimated to be less than 5 percent of world trade.

Restrictions on textiles have been the most intensive, being based on a GATT Multifiber Arrangement (MFA) between countries that together account for over 80 percent of the $60 billion world trade in textiles. At the present time, however, the restrictions are concentrated on imports valued at about $7 billion a year. The value of steel imports subject to recent minimum price regulations in the European Community (EC) and the United States exceed $18 billion a year. The trade in footwear and consumer electronics subject to recent restrictions is each worth less than $2 billion annually.

The United States, the EC, the European Free Trade Association (EFTA), Canada, and Australia have imposed textiles restrictions that have mainly affected Hong Kong, South Korea, and Taiwan—the largest exporters among the less developed countries (LDCs). US, Canadian, and Australian import restraints on footwear have been largely directed at South Korea and Taiwan. Japanese television receivers have been restricted by the United States and the United Kingdom. The United Kingdom has also restricted television receivers from Singapore, South Korea, and Taiwan. The same pattern of trade restrictions is likely to continue in the next year or two unless there is a substantial economic upturn in the industrial countries.

Recent Patterns of International Trade Restrictions

Decline in Trade Restrictions Following World War II

Since World War II, worldwide trade liberalization has been spearheaded by the General Agreement on Tariffs and Trade (GATT) of 1947. GATT membership mushroomed during the next 20 years as newly independent countries joined. Periodic tariff reductions resulted from GATT negotiations. Since trade liberalization arrangements made outside the GATT can receive GATT sanction, many regional organizations also encouraged trade liberalization among their members.[1]

Resurgence of Trade Barriers Since 1975

Under the GATT, tariffs on imports have fallen dramatically since World War II. For example, the Kennedy Round of tariff negotiations in the 1960s reduced industrial country import tariffs on manufactures by 35 percent to an average of about 10 percent. No similar gains were made in nontariff trade barriers, and countries involved in the recent surge in protectionism have taken advantage of provisions within existing trade liberalization programs that allow import restrictions under special conditions. For example, various articles of the GATT sanction (a) quantitative restrictions for countries with balance-of-payments difficulties, (b) safeguard measures against import threats to domestic producers, (c) antidumping duties, and (d) retaliatory protective measures. The GATT Multifiber Arangement (MFA)—aimed at an orderly promotion and expansion of international trade in textile products—sanctions export restraints, bilateral agreements, and various defensive actions against imports. Variable levies on agricultural imports are basic to the EC Common Agricultural Policy.

The Most Common Nontariff Restrictions*

Quantitative restrictions specify maximum quantitites of imports of particular items over a given period.

Discriminatory bilateral agreements are trade agreements with individual exporting countries that result in different degrees of trade restraint on exporters of the same product.

Export restraints restrict exports at the urging of importing countries, which would otherwise unilaterally apply import curbs.

Minimum price regulations specify the minimum prices at which selected goods may be imported, directed at foreign exporters who are deemed to charge artificially low prices.

Licensing requirements allow the discretionary administrative authorization of imports.

Antidumping and similar regulations are countervailing actions, usually in the form of nontariff charges, against goods regarded as being imported at "unfair" prices.

* For a more extensive list of nontariff barriers, see the appendix.

Weak global economic performance since 1973 has been the major impetus to the new import restrictions. In developed countries, industrial employment has been generally depressed since the massive oil price hikes of 1973 and 1974. The escalating import restrictions

[1] Article I of the GATT requires import and export duties to be nondiscriminatory and equal to the most favorable treatment received by a GATT member. GATT exceptions to this "most favored nation" provision have included reduced trade barriers between associated members and preferential systems that favor LDCs.

have, therefore, been directed largely at industrial products. Most countries already have long-established protection against agricultural imports. In the LDCs, the impact of higher oil prices and sluggish exports to industrial countries led to a belated tightening of imports, mainly from industrial countries, after 1975. At the same time, the LDCs sought to boost exports to ease their financial plight. The surprisingly strong recovery of LDC exports following the mild economic expansion in industrial countries in 1976 increased the penetration of markets in developed countries by LDC manufactures. Rapidly rising exports of manufactures from LDCs like Hong Kong, South Korea, and Taiwan together with excess capacity and unemployment in industrial countries have spurred the latter to curb imports.

Excess manufacturing capacity in industrial countries has also put pressure on manufacturers to sell output abroad below domestic prices or production costs. Claims of dumping have multiplied against both industrial countries and LDCs.

Restrictions Imposed by Major Countries

Recent import restrictions imposed by industrial countries have concentrated on textiles, iron and steel, footwear, and selected consumer electronics. Individual importing countries have also restricted other product lines as circumstances warrant. When restrictions are imposed, countries generally claim that the restrictions are temporary.

Since 1975 the **European Community** has imposed several new restrictions. The most important are:

- A voluntary export agreement with Japan to reduce 1977 Japanese steel exports to 1.4 million tons, 15 percent below the 1976 level (November 1976), and similar steel negotiations in 1976 and 1977 with Spain, Sweden, South Africa, and some East European countries without formal announcements of the results.
- Import quotas on selected textile products from Colombia, Egypt, India, Malaysia, Morocco, Pakistan, Spain, Tunisia, and Turkey to hold the quota levels for the second half of 1977 at 50 percent of those for all of 1976, (July 1977).
- The setting of minimum (reference) prices for some 140 steel product imports, effective January through March 1978, to be replaced by voluntary export agreements through December 1978 with the EFTA, East European countries, Japan, Brazil, South Korea, Spain, and Finland (December 1977).

The EC restriction on steel imports was the culmination of a gradual process that included an antidumping duty on Japanese ball and tapered roller bearings (February 1977) [2] and temporary crisis measures on steel, which included compulsory licensing of, but no formal restrictions on, steel imports (May 1977).[3]

EC import restrictions under safeguard, surveillance, and antidumping provisions averaged six a year from 1971 to 1974, but leaped to an average of 26 a year in the period 1975-77. Forty-four of the 77 total trade actions in 1975-77 were against textile products and were in addition to bilateral textile agreements under the MFA 25X1

Among EC members, substantial import restraints have been introduced by the *United Kingdom, Ireland,* and, to a lesser extent, *France*. Measures taken by the United Kingdom cover a broad range of products.

Television receivers:

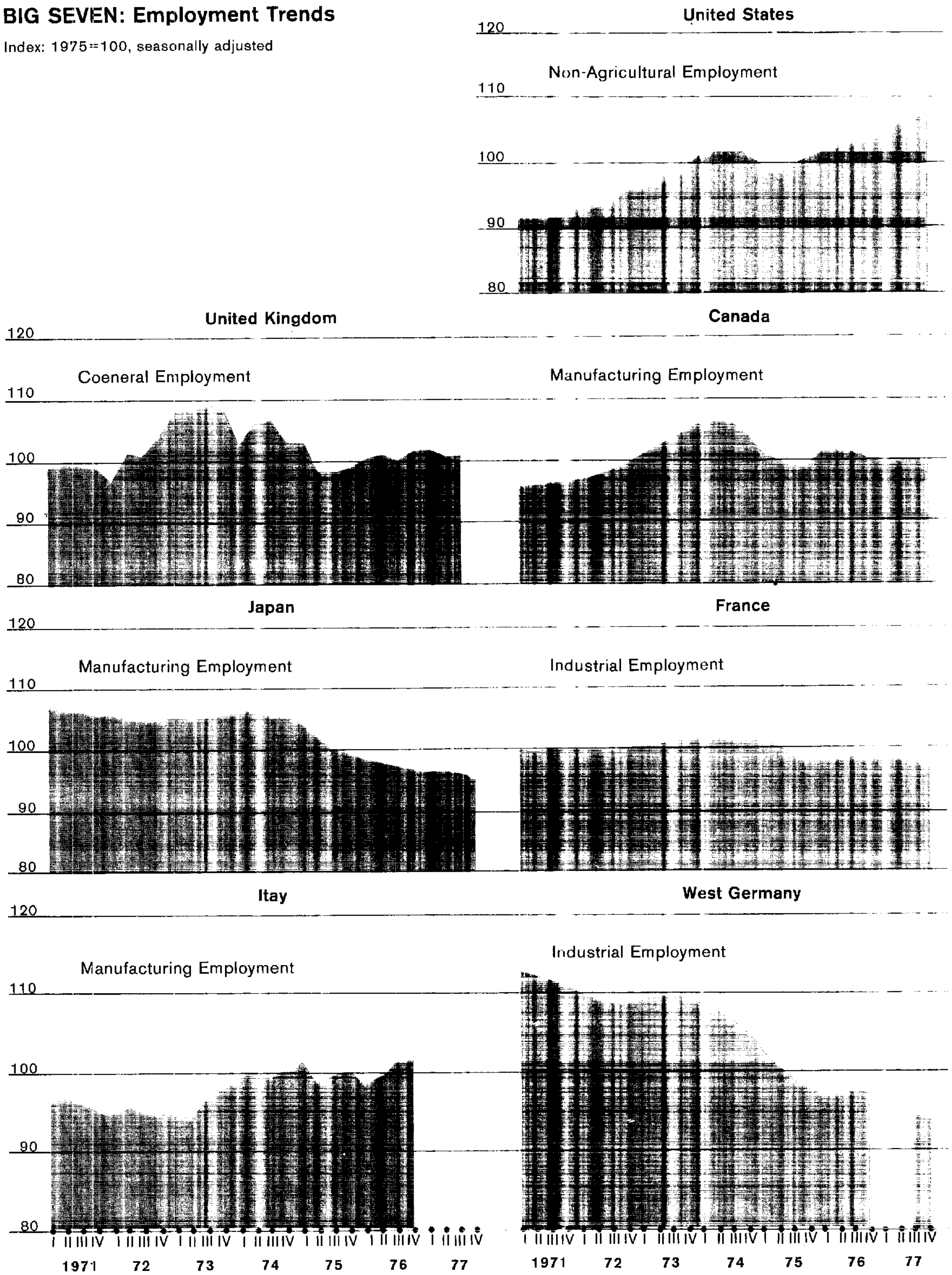
- Import quotas of 70,000 units on monochrome receivers from Taiwan for October 1976 to December 1977 (September 1976) and 35,000 units for 1977-78 from South Korea (July 1977); and an export limitation agreement with Singapore (July 1977).
- An informal agreement with Japanese exporters to hold the Japanese share of the UK market constant, at around 10 percent (November 1976).

[2] This duty was suspended after Japanese exporters agreed to raise prices.

[3] This surveillance licensing facilitates the monitoring of imports.

BIG SEVEN: Employment Trends

Index: 1975=100, seasonally adjusted



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Clothing:

- Import quotas on milled or handloomed shirts and blouses from India which reduced the 1977 import volume by nearly 6 million units below 1976 (March 1977).
- Limitations for 1977 on import increases from Macao to 5 percent or less for various categories (April 1977).

Steel:

- Antidumping duties on stainless steel bars from Spain (April 1977).
- A temporary ban on all steel imports from the USSR after a sixfold increase in import volume to 100,000 tons for 1977 (December 1977).

Footwear:

- A 12-month, 7.5-million-pair import quota on Taiwanese nonrubber footwear from August 1977 and surveillance licensing of all footwear imports from Taiwan and several other countries, effective September 1977 (August 1977) (Taiwan had shipped 10.9 million pairs of footwear to the United Kingdom between January and July 1977).

Automobiles:

- An export agreement with Japan to hold 1978 shipments of automobiles and light commercial vehicles at 1977 levels (March 1978).

Ireland was particularly active with antidumping legislation in 1977. For example, levies were made on hardboard from Czechoslovakia and Poland, domestic refrigerators from the Soviet Union, reinforcing steel bars and angles from Spain and South Africa, wooden louvre doors from Taiwan, and bond printing paper from Brazil. *France* banned radio imports from Taiwan (October 1976) and placed quantitative restrictions on shirts, blouses, T-shirts, and cotton thread imported from all countries except those with preferential trade arrangements with the EC (June 1977).[4]

Import restraint activity also intensified in 1976 and 1977 in **non-EC industrialized countries.**

Canada imposed a three-year global import quota on double-knit fabrics and temporarily restricted imports of various clothing items at 1975 levels (November 1976). More recently, Canada applied a three-year global quota to certain footwear, holding imports at the 1974-76 average level (December 1977).

Portugal set import quotas on 27 categories of products amounting to about 6 percent of total imports (February 1977).

Australia imposed quotas on imported assembled passenger cars to keep the number fairly constant through 1979 at 90,000 to 94,000 units

[4] The French textile restrictions were rescinded when the EC imposed its July 1977 textile restraints.

(July 1977). Australia also tightened curbs on textiles, clothing, and footwear imports in 1977 and ended New Zealand's traditional exemption from Australian import quotas by setting import limits on clothing from New Zealand. Restrictions were also tightened by *Sweden* (textiles and footwear), *Norway* (textiles), and *Switzerland* (textiles and wines).

In contrast with most other industrialized countries, *Japan* and *West Germany* have not appreciably increased import restrictions since 1974. Japan already has substantial trade barriers and is under international pressure to reduce its massive trade surplus, which was $17 billion in 1977. West Germany, with a more liberal foreign trade policy, has resisted increasing import restrictions despite unemployment pressures in the steel industry.

Recent import actions by the *United States* have included:

- A three-year voluntary agreement with Japan to hold exports of Japanese color television receivers at 1.75 million units annually, 37 percent below 1976 shipments (May 1977).
- A three-year orderly marketing arrangement with Japan and quotas on imports from other foreign suppliers, for most categories of specialty steel (June 1977).
- Orderly marketing arrangements with South Korea and Taiwan to limit average annual increases in footwear imports to less than 2 percent and 4 percent, respectively, through mid-1981, with quantities well below 1976 levels (June 1977).
- A system of minimum import ("trigger") prices for steel, effective February 1978, designed to generate swift antidumping action if violated (December 1977).
- A hike in sugar import tariffs and the levying of an additional import fee, both designed to establish an import price floor (January 1978).
- Increased tariffs on citizens' band radio transceivers from 6 percent to 21 percent in 1978, with a graduated decline to 6 percent in 1981 (April 1978).

Several LDCs, including Bolivia, Brazil, the Dominican Republic, Ivory Coast, Jamaica, Kenya, Panama, Peru, Tanzania, and Thailand, have also increased import restrictions since 1975, largely because of balance-of-payments constraints. A few countries like Argentina, Bangladesh, Chile, Colombia, India, Pakistan, and South Korea have relaxed their import policies because of improved balance-of-payments positions or a desire to attain higher economic growth rates.

Impact of Recent Trade Restrictions

The impact of recent trade restrictions on exporting and importing countries depends on several factors, including the types of controls, the number of countries adopting restrictions on particular commodities, the importance of the commodities in a country's exports or imports, and the flexibility with which exporting countries adjust to the trade restraints. Exporting countries have different capabilities for increasing sales to less restrictive markets and for shifting the location of production facilities either to importing countries or to less restricted exporting countries. They also have different opportunities for switching to higher valued exports within quantitatively restricted categories or for placing overshipped items in different classifications when import quotas are applied.

Sometimes the impact of a new import control is exaggerated in the trade data. For example, US steel imports were a record 2.2 million tons in February 1978 because of substantial purchases in anticipation of the trigger price scheme that became effective on 21 February. US imports of Japanese color television receivers peaked in the third quarter of 1977, probably because of accelerated shipments prior to the 1 July effective date of the export agreement.

Textiles

Most industrial countries apply quantitative textile import restrictions under Multifiber Arrangement bilateral agreements, but additional emergency measures can be taken under the MFA.[5] Many recent EC textile import re-

[5] The MFA is the latest form of international regulation of the textile trade since 1961 by agreements between (mainly) LDC exporters and developed country importers. The MFA of 1974-77 broadly provided for a 6-percent annual increase in imported textile products that are subject to import restraint under bilateral agreements. Import growth could be more or less than this figure as a result of various qualifications to the MFA provisions. A weakened import growth clause in the renewed MFA for 1978-81 permits the EC to make "reasonable departures" from the 6-percent import growth provision.

strictions were outside of bilateral agreements and were directed at several important suppliers, particularly South Korea and Taiwan.[6] Mainly safeguard actions, the restrictions were partly due to delays in concluding bilateral agree-
25X1 ments [7] under the 1974-77 MFA

Only one US textile trade action outside of bilateral agreements was taken in 1974-77. Under bilateral agreements for the same period, US monitoring data on textile imports from the three largest LDC suppliers (Hong Kong, South Korea, and Taiwan) show that aggregate imports were generally smaller than aggregate quotas (see table 3). Imports of a few textile categories were larger than permitted, mainly due to differ- 25X1
ences in classification at the export and import stages.

[6] The Taiwan restrictions are unilateral since there are no EC-Taiwan diplomatic relations.

[7] Some of these agreements, although applied de facto, had not been concluded by the December 1977 MFA expiration date, and none had been concluded by March 1975.

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Table 3

United States: Textile Import Restrictions on Selected LDCs [1]

Trade Category	Period	Millions of Square Yards Equivalent: Import Limit	Millions of Square Yards Equivalent: Imports	Imports as a Percent of Import Limit
HONG KONG				
Cotton and manmade fiber				
Yarns and fabrics	Oct 74-Sep 75	227	123	54
	Oct 75-Sep 76	242	211	87
	Oct 76-Sep 77	326	161	49
Clothing	Oct 74-Sep 75	516	404	78
	Oct 75-Sep 76	549	594	108
	Oct 76-Sep 77	741	639	86
Wool textiles and clothing	Oct 74-Sep 75	41	16	38
	Oct 75-Sep 76	42	26	63
	Oct 76-Sep 77	53	19	37
Other made-up and miscellaneous products	Oct 74-Sep 75	51	34	66
	Oct 75-Sep 76	55	56	102
	Oct 76-Sep 77	74	63	86
Total	Oct 74-Dec 75	835	577	69
	Oct 75-Dec 76	887	886	100
	Oct 76-Dec 77	1,193	883	74
SOUTH KOREA				
Cotton and manmade fiber				
Yarns and fabrics	Oct 74-Sep 75	101	50	49
	Oct 75-Sep 76	119	91	77
	Oct 76-Dec 77	167	89	54
Clothing	Oct 74-Sep 75	391	332	85
	Oct 75-Sep 76	462	443	96
	Oct 76-Dec 77	630	513	81
Wool textile products	Oct 74-Sep 75	13	11	81
	Oct 75-Sep 76	15	13	91
	Oct 76-Dec 77	18	18	100
Total	Oct 74-Sep 75	505	392	78
	Oct 75-Sep 76	595	548	92
	Oct 76-Dec 77	760 [2]	620	82
TAIWAN				
Cotton and manmade fiber				
Yarns and fabrics	1975	167	138	83
	1976	173	150	87
	1977	172	134	78
Clothing	1975	640	568	89
	1976	614	527	86
	1977	615	510	83
Wool textile products	1975	6	4	62
	1976	6	5	89
	1977	5	5	94
Total	1975	813	710	87
	1976	793	682	86
	1977	791	649	82

[1] The components of the import data may not add to the totals due to rounding. The percentages were derived from unrounded data.

[2] Sum of component limits exceeds total limit in order to allow flexibility in shipments.

Under a bilateral textile agreement with the United States covering October 1974 to December 1977, Hong Kong filled 69 to 100 percent of its aggregate quotas, but greatly exceeded (up to 149 percent of the quota) the limit on items like certain types of raincoats and men's suits in 1976-77. South Korea supplied 78 to 92 percent of its aggregate quotas over the same period, with most items kept within agreed limits. Taiwan has fulfilled about 85 percent of its aggregate quotas during the last three years, with excessive shipments of some minor items.

For some countries, US textile import restraints have had little impact, because other factors precluded shipments in quantities anywhere close to aggregate quotas. Colombia, for example, filled only 40 to 60 percent of its aggregate quotas from July 1974 to June 1977 (see table 4).

Iron and Steel

The US quantitative restrictions on specialty steel imposed in mid-1976 substantially reduced the share of imports in domestic consumption.

United States: Specialty Steel Imports

Year	Imports (Thousand Metric Tons)	Apparent Consumption (Thousand Metric Tons)	Imports as Percent of Consumption
1974	137.1	1,201.9	11.4
1975	139.4	771.4	18.1
1976	151.4	987.2	15.2
1977	128.3	1,036.5	12.4

Because import quotas were based on 1971-75 average exports to the United States, countries like Argentina, South Korea, and Spain, with relatively recently installed facilities to produce specialty steel, were more adversely affected in terms of permissible sales than traditional suppliers. EC members had to compete among themselves for an overall EC quota to the United States, and France captured 61 percent of the 1977 EC share. The proportion of specialty steel import quotas filled in the initial year of restrictions exceeded 90 percent in all cases (see table 5). Insufficient time has elapsed for an assessment of the effectiveness of the EC and US minimum price arrangements of early 1978.

Table 4

United States: Textile Import Restrictions from Colombia [1]

Trade Category	Period	Import Limit (Millions of Square Yards Equivalent)	Imports (Millions of Square Yards Equivalent)	Imports as a Percent of Import Limit
Yarns	Jul 74-Jun 75	20	3	14
	Jul 75-Jun 76	27	8	28
	Jul 76-Jun 77	29	4	15
Fabrics and Nonapparel	Jul 74-Jun 75	25	15	59
	Jul 75-Jun 76	34	32	95
	Jul 76-Jun 77	36	25	68
Clothing	Jul 74-Jun 75	0.7	1.2	155
	Jul 75-Jun 76	30	15	48
	Jul 76-Jun 77	32	10	31
Total	Jul 74-Jun 75	46	19	40
	Jul 75-Jun 76	91	54	60
	Jul 76-Jun 77	97	39	40

[1] Restrictions apply to cotton 1974-75, and to cotton, wool, and manmade fiber, 1975-77. The components of import data may not add to the totals due to rounding. The percentages were derived from unrounded data.

Table 5

United States: Specialty Steel Restrictions
June 1976 - June 1977

	Import Quota		Actual Imports	
	Total (thousand metric tons)	Share of Total (percent)	Total (thousand metric tons)	Imports as a Share of Import Quotas
All countries	**133.4**	**100**	**125.5**	**94**
Japan	60.2	45	56.0	93
European Community	31.4	24	28.8	92
Canada	9.4	7	9.2	97
Sweden	20.2	15	20.0	99
Other countries	12.0	9	11.4	95

Footwear

US restrictions on footwear imports from South Korea and Taiwan, and Australian, British, Canadian, and other restraints affecting South Korea, Taiwan, and Hong Kong, left these LDCs with some 60 million pairs shut off from markets in 1977. Current excess capacity in the three countries is estimated at over 75 million pairs a year. The UK import quota on Taiwanese footwear imposed in September 1977 contributed to a 62-percent reduction in footwear import volume for the last four months of 1977 compared with the last four months of 1976. In the first quarter of 1978, UK footwear import volume from Taiwan was 78 percent below the volume of the first quarter of 1977. The US orderly marketing arrangements to restrict footwear imports from South Korea and Taiwan have, so far, achieved their purpose.

United States: Import Restriction of Footwear

Million Pairs

	Imports [1] (1977)	Quotas (Jul 77-Jun 78)	Imports (Jul 77-Mar 78)
South Korea	59	40	30
Taiwan	166	129	89

[1] Including wool felt footwear not subject to import restraints.

Consumer Electronics

Recent restraints on consumer electronics have centered on television receivers. Largely as a result of the orderly marketing arrangement effective 1 July 1977, US imports of color television receivers from Japan fell by 24 percent in 1977 from the previous year. The three next largest suppliers of the US market—Taiwan, South Korea, and Canada—were not subject to restraint and increased their shipments of television receivers by a combined 62 percent. Imports from other sources, probably affected by East Asian competition, declined substantially, contributing to an overall US import decline of 23 percent (see table 6).

Data on the number of television receivers imported to the UK for 1977 are not available. Even though Japanese exporters adhered to the informal November 1976 agreement to hold constant their share of the UK television market, the 1977 sterling value of television imports from Japan rose by 34 percent compared to the previous year. UK television imports from Singapore, covered by an export agreement from mid-1977, were up by 13 percent.

Table 6

United States: Imports of Color Television Receivers

Thousand Units

Source	1975	1976	1977
Total	1,215	3,295	2,539
Japan	1,044	2,682	2,029
Taiwan	143	238	322
South Korea	22	48	96
Canada	2	17	74
Others	4	310	18

Ships

Recent trade actions on international shipbuilding, essentially Western Europe versus Japan, involve fewer countries than do most other major restricted trade items, but could cause future disputes. West European and Japanese shipyards produce over 80 percent of the world's shipping tonnage. The Japanese share of world output and of new OECD orders usually has been 50 percent and 55 percent, respectively. With the shipbuilding industry facing worldwide overcapacity in 1976 and with the Japanese share of OECD orders leaping to 75 percent, Japan agreed to a 5-percent export price hike and a cutback of capacity to 65 percent of the 1974 peak. These measures were intended to reduce the Japanese share of the world market, the OECD market in particular. With the export price hike and the declining world demand, the Japanese backlog of export orders shrank after mid-1977. The continuing appreciation of the yen raised export prices further. The agreement benefited other shipbuilding countries such as Brazil and South Korea. West European production rose by 8 percent in 1977, compared with a 9-percent decline in Japanese output.

Reactions to Restrictions by Various Countries

Countries have reacted both politically and economically to recent import restrictions. Political reactions often take the form of representations to the GATT or to the governments of restricting countries. Affected exporting countries have tried to cushion the shock by developing new markets abroad and by discouraging investment in the sectors suffering from excess capacity. Some importing countries, anticipating the redirection of exports because of the trade restrictions, have been considering adding restrictions in new sectors.

Direct retaliatory action on import restraints among industrial countries have been isolated and minor. For example, British restrictions on Turkish textile exports after 1974 were associated with Turkish restrictions on British machinery. A 1977 Italian restriction on Japanese motorcycles was claimed to be a response to Japanese restrictions on Italian silk yarn and ski boots.

Japan has been affected by most of the import restrictions imposed by industrial countries on each other and has been a focal point of reactions to these restrictions. Among other actions, Japan:

- Refused to voluntarily restrain shaped steel exports to the United Kingdom in mid-1977; the British countered with antidumping action.
- Formally protested to the GATT the 1977 US request for restricted color television exports.
- Questioned the 1977 dumping allegations by the United States and the European Community regarding certain steel products.
- Turned down a November 1977 EC request for additional restraints on shipbuilding prices and production capacity.

Elsewhere in the non-Communist world, the EC is seeking more favorable treatment for its exports under the Canadian global import quota on footwear. Effective May 1978, the EC has launched a new surveillance scheme for its footwear imports from all major suppliers. Australia has threatened action against EC imports if EC restraints on Australian primary commodities continue. To counter the repercussions of import restrictions imposed on other countries the EC informed Taiwanese business interests, and Hong Kong and South Korean officials, of its reservations about any diversion of surplus footwear to the Community. Canada is monitoring steel imports and accelerating antidumping procedures to head off steel diverted from restricted US and EC markets.

Among the LDCs the three largest textile exporters (Hong Kong, South Korea, and Taiwan) are making various adjustments to the new restrictions imposed on them. Hong Kong, with 47 percent of manufacturing employment and 48 percent of exports based on textiles and clothing, is seeking to expand sales of traditional product lines in Africa and the Middle East and is placing more emphasis on higher fashion output for industrial country markets. South Korea has restricted the installation of additional capacity in the textile industry, which provides 24 percent of manufacturing employment and 32 percent of exports, and is encouraging shifts to the higher quality textile product exports not yet regarded as sensitive by industrial countries. South Korea is also intensifying its long-established export diversification program with emphasis on machinery and heavy industry. Taiwan, less dependent on textiles for employment and exports than Hong Kong or South Korea, expects light and heavy industry trade to take up the slack in textile exports.

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APPENDIX

ILLUSTRATIVE LIST OF NONTARIFF BARRIERS IMPOSED BY IMPORTING COUNTRIES

Government Participation in Trade

1. Export subsidies
2. Countervailing duties
3. State trading in market-economy countries

Customs and Administrative Entry Procedures

1. Valuation policies
2. Antidumping duties
3. Consular and customs formalities and documentation

Standards

1. Specifications of standards for imported goods
2. Packaging, labeling, and marketing regulations

Specific Limitations on Trade

1. Quantitative restrictions
2. Discriminatory bilateral agreements
3. Export restraints
4. Minimum price regulations
5. Licensing

Charges on Imports

1. Prior deposit requirements
2. Credit restrictions on importers
3. Variable levies
4. Special duties on imports

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