SUPPLEMENTARY NOTE RELATING TO THE APPLICATION OF IMPORT
RESTRICTIONS TO PRODUCTS OF INTEREST TO DEVELOPING COUNTRIES

1. Document COM.TD/W/179 presents, in paragraphs 17-25, a summary of developments in relation to import restrictions in various GATT committees and bodies. In addenda 1 and 3 to that document, material has been assembled concerning the situation at the end of 1972 in relation to import restrictions identified in Annex IV of the Joint Working Group report (COM.IND/W/67) as being applied to products of export interest to developing countries. In the following paragraphs an attempt has been made to undertake a preliminary examination of some of the issues relating to these restrictions and other measures affecting trade in the items listed in the tabulations.

2. On the basis of the information available, the import restrictions identified in the addenda may be classified under three categories: (a) restrictions affecting certain important temperate zone agricultural products (e.g. cereals, dairy products, certain meats, fruits and vegetables). Most of these are maintained as an element of the overall system of protection which might also include such measures as tariffs and/or levies in other countries, although, with respect to some of these items, quota restrictions supplement substantial tariffs or other measures such as levies and supplementary charges in certain countries; (b) restrictions related to specific problems affecting individual agricultural products (e.g. honey, cut flowers, certain fruits and vegetables and their products) which tend to be applied by only a very few countries for particular reasons; and (c) restrictions affecting certain industrial products including some narrow product ranges and particular sectors (e.g. non-cotton textiles, leather, umbrellas, insulators of ceramic material, etc.).

3. It has often been suggested by delegations that items of the type falling under category (a) in general require concerted action in an effort to secure meaningful progress in finding solutions to the various problems affecting production, consumption and trade. However, some of the restrictions maintained under this category may merit ad hoc exploration where the use of quantitative restrictions appears to represent a special use of protective measures. In connexion with category (c), problems relating to the textile sector are being dealt with in the GATT study on trade in textiles. With respect to some of the items under (a) and also certain items falling within categories (b) and (c), the salient features of trade including the trade interest of developing countries are shown in the tabulations annexed to COM.TD/W/179, Addenda 1 and 3.
4. This background information indicates that the level of trade with individual developed countries may vary for a number of reasons connected with the tariff and non-tariff situation. For certain items in the agriculture sector (e.g. some meat and meat products, cut flowers, certain fruit and vegetables including those in their semi-processed and processed forms), developing countries accounted for a relatively small share of total imports into the countries applying import restrictions. The developing country share of non-restricted markets was in some cases more significant, although certain non-tariff measures such as health and sanitary regulations had a bearing on the level of access for certain products into particular markets. For a number of items (e.g. natural honey and dried leguminous vegetables), developing countries obtained a larger share of markets subject to import restrictions. However, with respect to these products, the absolute level of imports by non-restricting developed countries from developing countries tended to be very much higher. For certain industrial products such as some non-cotton textiles, jute and coir products, leather and leather footwear, umbrellas, portable batteries etc., it will be seen that restrictions are generally applied to each item by only one or two developed countries. In the case of the above items, developing countries generally appear to have a significant share of permitted imports into the country applying restrictions. However, for certain other industrial products (e.g. some non-cotton textiles, silk yarn, newsprint, tableware and household articles of porcelain or china, insulators of ceramic material, etc.), the developing country share of the one or two developed country markets subject to restriction is nil or negligible.

5. In the agricultural sector, restrictions are generally made effective through discretionary licensing, bilateral quotas and seasonal restrictions, the remaining restrictions in this field being usually administered on the basis of global quotas. With regard to industrial products, restrictions are also often applied on the basis of discretionary licensing and country quotas, with some items being subject to import restriction because of the application of discriminatory country listings which include certain developing countries.

6. Among the grounds on which restrictions have been maintained in respect of particular items, some developed countries have referred to legal justification including their Protocols of Accession and various articles of the General Agreement (Articles XI:2(c), XVII and XX). For example, quantitative restrictions on meat and meat products have been justified by Austria and Switzerland under their protocols of accession, and Switzerland has justified restrictions on cut flowers, certain vegetables and fruits, on the same basis. On the other hand, some countries have indicated that restrictions affecting certain vegetables and products thereof have been applied because of the need to protect industries in difficult situations, ensure crop rotation and the supply of high-quality seeds and to protect local employment. As a basis for restrictions in the fruit products sector, some developed countries have referred to the objective of providing adequate outlets for domestic production, the need for protection during the process of modernization of the domestic agricultural sector and the switch to other forms of production, the need to protect industries in difficult situations and the objective of protecting employment in certain special sectors.
7. Although State trading has been put forward as a restriction affecting imports of alcoholic beverages, the countries utilizing this measure have stated that transactions normally take place on commercial grounds. Health and fiscal reasons and the need to ensure the purchase of certain domestically produced agricultural products have also been mentioned. With respect to products in the leather sector, it has been explained that for certain internal reasons, there has been a need to protect the domestic industry. In the sector of non-cotton textiles and jute and coir goods, import restrictions and export restraints have been applied, inter alia, on the grounds of threat of market disruption, the difficulties faced by the local industries and difficult structural adjustment problems. Some countries have stated that restrictions in the textile sector have put excessive pressure on the few relatively open markets, thus forcing them to also impose restrictions.

8. Details of GATT provisions and procedures as well as proposed solutions in the field of quantitative restrictions are outlined in document COM.TD/W/99, dated 9 March 1973. The following summary of proposed solutions to the problem of quantitative restrictions in the light of discussions in Working Group 4 of the Committee on Trade in Industrial Products and the Joint Working Group on Import Restrictions is also contained in the document mentioned.

(a) An overall programme for the elimination of quantitative restrictions of all types maintained by developed countries, whether or not consistent with the GATT, and a target date for removal with the following elements:

(i) Special attention to be given to discriminatory restrictions, restrictions inconsistent with GATT and restrictions of special importance to developing countries.

(ii) A standstill on quantitative restrictions.

(iii) A plan and schedule for removal of a maximum proportion of restrictions maintained by countries not invoking Articles XII or XVIII:B.

(iv) For restrictions included in the programme, progressive quota increases, and introduction of imports for embargo products.

(v) Limited extensions of time for maintenance of restrictions justified on social considerations.

(vi) Restrictions not scheduled for removal under the programme to be examined for consistency with GATT and to be subject, if not consistent, to appropriate action under the General Agreement.
(b) An overall gradual liberalization and elimination of quantitative restrictions by developed countries in step with progress of the CONTRACTING PARTIES in their general programme of trade expansion; contributions by an individual contracting party would be proportionate to the scope of its quantitative restrictions of all types.

(c) A solution, similar to that in (a) above, but directed exclusively to illegal import restrictions. Elimination of legal restrictions to be dealt with in negotiations.

(d) A sectoral or commodity approach, focusing on obtaining concerted action in sensitive sectors.

For discriminatory restrictions, under bilateral agreements, proposals have been made towards:

(a) Elimination of restrictions imposed pursuant to bilateral agreements (or at least agreements by developed countries) in conjunction with general action on quantitative restrictions.

(b) Interpretative Note or declaration prohibiting restrictive or discriminatory bilateral agreements, with a target time-limit of three years for termination of existing agreements. Consultations with the CONTRACTING PARTIES concerning agreements maintained. Notification of all bilateral agreements of a discriminatory nature by an early date, avoiding duplication with existing notification requirements.

For export restraints the proposals include:

(a) The inclusion of the removal of export restraints in any general solution adopted for quantitative restrictions.

(b) Notifications to GATT and multilateral consultation procedures to include such restraints.

9. During the consideration of import restrictions in the Committee on Trade and Development some developing countries have also proposed that import restrictions affecting the trade of developing countries should be removed on a preferential or advanced basis. Some developed countries on the other hand suggested that action could best be taken in GATT by giving priority consideration to products of interest to developing countries on a most-favoured-nation basis.

10. Reference has been made in document COM.TD/W/179 to recommendations made on the subject of quantitative restrictions by the Group of Three which also addressed recommendations to certain individual developed countries applying restrictions to products of interest to developing countries. The Group on Residual Restrictions has also put forward certain suggestions on this subject (e.g. COM.TD/79, paragraph 10). In addition to the proposed solutions summarized-
earlier in this note and without prejudice to any overall approach to the problems of import restrictions that might be developed and to action by governments in response to the recommendations of the Group of Three, the information in regard to the facts of trade in items subject to restriction, the systems under which restrictions are administered and the position of developing countries as suppliers as contained in COM.TD/W/179, Add.1 and 3 would appear to underline the need for consideration being given, inter alia, to the following points:

(a) Where restrictions represent a specific problem for a particular importing country, efforts for the relaxation and elimination of restrictions through unilateral action might be considered, giving priority attention to items where developing countries have a significant trade interest. Where it has been stated that restrictions are being maintained for social reasons, the possibility might be examined of establishing a time-table for the relaxation and elimination of such restrictions while other measures including measures of adjustment assistance were implemented to facilitate action in this regard.

(b) Is there a need for the continuance of restrictions on those items of interest to developing countries where high tariffs and/or levies are also maintained?

(c) Is there a need to maintain seasonal restrictions in addition to seasonal tariffs on items in which developing countries have a trade interest?

(d) Where developing countries are only small or marginal suppliers of particular items, could consideration be given to possible action that might mitigate the effects of import restrictions on developing country trade and improve their position as suppliers? This would relate, for example, to adjustments in quotas, establishment of special licensing periods and new quotas so as to provide for larger import opportunities for developing countries, particularly distant suppliers, who may not be in a position to obtain speedy information in regard to formalities etc. they are required to fulfill.

(e) Is there a need to maintain import restrictions in addition to tariffs and/or levies where the longer-term outlook for a particular item entering international trade is considered satisfactory?

(f) Where other non-tariff measures such as health and sanitary regulations and standards requirements in addition to import restrictions are adversely affecting the trade of developing countries in particular items, could consideration be given to the need, if necessary, for a more co-ordinated and expanded programme of assistance to help developing countries overcome such problems and facilitate their market access to developed countries?