GENERAL AGREEMENT ON TARIFFS AND TRADE

TRADE RESTRICTIONS DISAPPEARING

During the Tokyo session of GATT, in November 1959, the Contracting Parties reaffirmed that the removal of quantitative restrictions is a vital step towards the achievement of the objectives of the General Agreement and the expansion of international trade. At that time contracting parties reaffirmed their intention to abolish restrictions as soon as their balance-of-payments positions permitted.

It is a basic principle of the General Agreement that countries maintaining quantitative import restrictions of any description must justify their prolongation under the relevant articles of the GATT. The Agreement sets out precisely the conditions under which deviations from the general rules can be permitted, and provides the essential machinery for consultations on these matters on a regular basis, mainly under the provisions of Articles XII and XVIII. The countries which ceased during the past two years to claim balance-of-payments justification in GATT for retaining import restrictions include Australia, France, Ghana, Federation of Malaya, Federation of Rhodesia and Nyasaland, Sweden and the United Kingdom, although the latter has been experiencing difficulties lately. It has been found that such consultations throw a light on balance-of-payments or other problems which give rise to the restrictions and provide perspective on any difficulties arising from such action encountered by exporting countries. Many countries have simplified their import procedures as a result of suggestions submitted by other contracting parties during the balance-of-payments consultations. The most recent example of this is the case of Japan which has reverted from an extensive positive to a reduced negative list of restricted imports, effective 1 July 1961.

Consultations on balance-of-payments and other restrictions have been conducted both during and between sessions of the GATT. The next round of consultations on restrictions maintained for balance-of-payments reasons is scheduled to take place at the end of October 1961, at which time countries agreeing to submit to a cross-examination of their restrictive systems include Austria, Burma, Denmark, Finland, Israel, Japan, Norway and New Zealand.

Countries introducing new restrictions or substantially intensifying import controls are required to consult promptly on such action. Recent examples of this are the consultation with Ceylon held in February of this year and a consultation with New Zealand scheduled to take place this autumn.

Initially, the removal of restrictions in many countries was confined largely to the industrial sector of trade, yet gradually and with caution a number of countries have advanced towards the position whereby a certain portion of their trade in agricultural products has also been liberalized. One by one, important trading nations such as the United Kingdom, the Federal Republic of Germany, France, Japan, Australia, Uruguay, and recently Italy and
Norway, have run the gauntlet to remove restrictions on a wide range of raw materials, manufactured products, industrial and consumer goods. For example, on 1 July 1961, Denmark liberalized a further list of products when imported from the EPU or dollar area countries. The list of items freed from restriction includes natural yeast, different kinds of powder and explosives, natural cork, footwear of leather, acid-proof tiles and building bricks, and sport and pleasure boats. Under its import policy for the period July-December 1961, the Government of Pakistan placed forty-nine items under Open General Licence. Among the new items on the OGL list are asphalt, various building and engineering materials, drugs and medicines, laboratory glassware, surgical instruments, tractors, motor cycles, tyres and tubes. Recently the Government of Norway announced that on 1 January 1962 it would liberalize a number of products including puffed rice, cornflakes, certain soups and broths, household soaps, building board of wood pulp and vegetable fibre and soil pipes of iron and steel.

An important development during 1960 and 1961 has been the removal of the previous substantial element of discrimination against imports from dollar countries. This too was an outgrowth of the Tokyo session when contracting parties agreed that the remaining discrimination applied under Article XIV of the General Agreement should be quickly eliminated. No less than eighteen contracting parties to the General Agreement took action during 1960-61 to remove discrimination against imports from dollar countries. These measures taken by the following countries involved both capital goods and agricultural products: Australia, Austria, Denmark, Finland, France, Federal Republic of Germany, Ghana, India, Italy, Japan, Federation of Malaya, Kingdom of the Netherlands, New Zealand, Norway, Federation of Rhodesia and Nyasaland, Sweden, Turkey and the United Kingdom. Another step forward was taken by Italy which in June 1961 removed dollar discrimination on a number of items including citrus fruits, fruit juice, stearin, tallow and margarine. On 1 July 1961, the Austrian Government also took steps to reduce the element of discrimination in its restrictive system.

New procedures have been introduced which are designed to bring final death to hard-core restrictions. During 1961 contracting parties agreed to provide lists of their import restrictions which in their judgement are contrary to the provisions of GATT and for which no authorization has been obtained. Once these notifications have been received a review will be carried out of all residual import restrictions maintained by contracting parties to the GATT.

A pattern has been established for further advancement in all directions; thus it is expected that progress made in this field in recent months will gather further momentum so as to provide an answer to remaining problems of hard-core restrictions and discrimination against imports from Asian and less-developed countries.
On the initiative of Members of GATT, certain new approaches to arrangements for the orderly development of trade in individual products were introduced by scheduling recent consultations under Article XXV on the marketing of butter in the United Kingdom and by convening a meeting on trade in cotton textiles which drew up an agreement embodying short-term and long-term arrangements regarding the international marketing of these products. The previous record of progress in the GATT has paved the way for further advances, especially at a time when the economic climate in many countries is a favourable one.