Ninth Session

Review Working Party I on Quantitative Restrictions
Sub-Group C: Protective Restrictions

VIEWS AND PROPOSALS ON PROTECTIVE RESTRICTIONS

Note for the Sub-Group

1. In the discussions at the plenary a number of delegations expressed concern over any possible extension of the provisions of the Agreement to permit quantitative restrictions for protective purposes, especially on agricultural products. The Canadian representative pointed out that there had been demonstrable injury in particular cases resulting from the application of restrictions on agricultural products, and the Danish representative said when prices support schemes were applied on a large scale by a big country the repercussions on international trade might be of considerable magnitude. The United Kingdom representative suggested that the CONTRACTING PARTIES should seek the reduction of such restrictions rather than to distort the Agreement, and the Danish representative said that his Government would regret any attempt at establishing special and less stringent rules authorizing restrictions for the protection of agriculture. Elimination of agricultural restrictions was also urged by Turkey and Yugoslavia.

2. The Dominican Republic considered it unjust and incompatible with the objectives of the Agreement to permit industrialized countries to impose restrictions on primary products, and suggested that ways should be found to protect the interest of primary exporting countries of their access to the principal markets. In particular, he believed that a formula could be found to reconcile the protection of domestic agricultural production subject to price export programmes, with the legitimate interests of primary exporting countries.

3. On the other hand, France thought that provisions might be made in the Agreement to take account of commercial restrictions unrelated to the balance of payments, and that procedures could be devised for their abolition in a progressive manner.

4. The United States indicated in connection with its price support programme that the United States Government could not afford to permit the entry into its domestic market of foreign agricultural products which would not have been drawn thereto but for the high price resulting from such programmes.

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5. The following is a brief resumé of the proposals and suggestions made by delegations either in writing or orally at a meeting of the Working Party. Most of these related specifically to restrictions on agricultural imports.

Total Prohibition of Protective Restrictions

6. **Turkey** proposed that all restrictions on agricultural imports should be forbidden including those relating to national agricultural programmes, and that all restrictions should be abolished except for those authorized for under-developed countries. (L/282, p.2)

Temporary Authorization for Protective Restrictions

7. **Germany** suggested that provisions should be made in the Agreement for the maintenance of restrictions which might remain necessary on economic and social grounds after the balance-of-payments justification had ceased to exist. The temporary maintenance of such restrictions should be subject to approval by the CONTRACTING PARTIES on the basis of specified terms and conditions, and should be subject to regular review and consultation in order to secure their gradual elimination. (See W.9/66)

8. In this connection the Sub-Group might be interested in the proposal of **Denmark** to include in Article X.VI provisions permitting contracting parties to maintain for a limited period, measures inconsistent with the provisions of Part II of the Agreement which were required by mandatory legislation existing on specified dates. The Danish proposal also provided for notification to, and consultation with, the CONTRACTING PARTIES. (L/273, pp.8 to 9)

9. **France** suggested that it would be unrealistic to condemn all restrictions a priori, and that the CONTRACTING PARTIES should seek the progressive reduction of restrictions which might be needed by countries for reasons other than the balance of payments. Procedures should be provided to this end, and these might follow the practices of the Organization for European Economic Co-operation. This view was supported by **Italy**.

10. The **Dominican Republic** suggested that quantitative restrictions applied on agricultural products should be subject to negotiation along with tariffs so as to ensure a better balance between the bargaining powers of agricultural-producing and industrialized countries.

Restrictions required for Price Support Programmes

11. The **United States** delegation indicated at the Working Party that it would submit at a later stage concrete proposals regarding provisions to import restrictions to facilitate the implementation of internal price support programmes which might unduly attract imports.
Strengthening of the Safeguards in Article XI

(a) Review and consultation

12. Denmark proposed the addition of a new paragraph between paragraphs 2 and 3 of Article XI, embodying the provisions of paragraph 3(a) and 3(b) of Article 20 of the Havana Charter, to the effect that agricultural restrictions should be applied only so long as the related governmental measures were in force and should not be so applied as to prevent imports during seasonal shortages, and that a member intending to introduce agricultural quantitative restrictions pursuant to paragraph 2(c), should give notice to the Organization and to interested members, so as to afford adequate opportunity for consultation. (L/273, p.4)

13. The Dominican Republic proposed that quantitative restrictions for agricultural protection in connection with price support programmes should be subject to review by the CONTRACTING PARTIES in which the possibilities of gradual relaxation or elimination would be explored and which would ensure that the restrictions would not be retained any longer than the impelling circumstances continued to exist.

(b) Fair and equitable administration of restrictions

14. The Dominican Republic suggested that the provisions of the Agreement should be tightened up in such a way as to ensure that a disproportionate burden of agricultural adjustment in any country would not be thrown on the rest of the world. To this end, not only should imports not be reduced relatively to the domestic production over an average of at least five years, but the import quotas should not be established below the level that would bring in as high a level of imports as would enter in the absence of price supports and import controls. The allocation of total quotas should be subject to periodic review by the CONTRACTING PARTIES. Furthermore, there should be provisions requiring that the allocation of individual import quotas reflect the relative position of each country in the total world market of such commodities.

(c) Safeguards for processing industries in exporting countries

15. The Dominican Republic suggested that there should be provisions in the Agreement requiring that the industrialized countries do not impose import restrictions on processed agricultural products which were more restrictive than their import quotas on the same commodities in unprocessed form.
(d) Standards of Regulations

16. Denmark had proposed in L/273 (p.8) that an interpretative note be inserted to Part I (b) of Article XX, to the effect that the Organization could request a member to revise the standards or regulations for the application of those provisions if they were found to be unduly restrictive. The Danish delegation suggests that this interpretative note might also cover the provisions of Article XV:2(c) on agricultural imports.

(e) Other proposals

17. Germany proposed an interpretative note to the existing Article XI and two additional clauses for the "Standard Practices for Import and Export Restrictions and Exchange Controls". (L/261/Add.1)