Committee III - Expansion of Trade

THE PRESENT POSITION REGARDING QUANTITATIVE IMPORT RESTRICTIONS

Draft Note 'for Approval by the Committee

1. At its May meeting the Committee agreed that arrangements should be made for periodic reviews or discussions of the remaining quantitative restrictions on products studied by the Committee, in the light of the ministerial Conclusions and the Declaration of 7 December 1961 (see L/1768, paragraph 9). Accordingly, the Committee took up the question of the removal of quantitative import restrictions at its October meeting. The Committee had before it a summary table of import restrictions still applied on the products under review (COM.III/89), in which a distinction was drawn between restrictions maintained on balance-of-payments grounds and other restrictions.

2. The Committee felt that, on the evidence presented in this table, the situation was more reassuring than it had been twelve months ago. It was noted that, apart from those countries who still maintained restrictions for balance-of-payments reasons, very few countries, none of which were major markets for the commodities under study, had quantitative restrictions applying to many products on three lists. The number of restricted items in other countries varied from nil to twelve of the forty-four items under study. On some items licensing procedures were retained for administrative purposes and the restrictive effect in these cases was for the most part psychological. It was further noted that, for many of the products studied on the first list, for example, the number of countries in this category varied from two to four. It was also felt that sight should not be lost of the fact that the work of the Committee, apart from its practical effects, had had a useful psychological effect on the work of other bodies. The Committee also welcomed the statement giving details of recent liberalization measures taken by Japan which had not been included in COM.III/89, and statements by the representatives of Finland and the Federal Republic of Germany in which increases in global quotas were announced.

3. The Committee, while welcoming the progress which had been made, noted that the situation still falls short of the expectations of the ministerial meeting. In contrast to the encouraging picture on certain items, it was noted that restrictions were maintained by some industrialized countries on other items of great importance to the export trade of less-developed countries. Of the items in the first list of products, vegetable oils, jute manufactures and cotton textiles might be given as examples of this. It was pointed out that, in many cases, such quantitative restrictions were in contravention of the GATT.
4. Members of the Committee felt that when considering this problem it was essential to bear in mind the broad framework within which the Committee's work was carried out. During the past few years the magnitude of the task facing the less-developed countries and the primary importance of increasing their export earnings if this task was to be fulfilled, had been widely recognized. This recognition had not, however, been converted into action, largely because decisions which might themselves affect only individual products had not been related to the framework within which they were made. It was also felt that a better understanding of the problem of removing quantitative restrictions from the exports of the less-developed countries might be obtained if countries maintaining such restrictions were to give a frank account of the reason behind the gap between awareness of the problem and actual performance.

5. The Committee recalled the Conclusions of the meeting of Ministers in which it was agreed that the CONTRACTING PARTIES should take immediate steps to establish specific programmes of action, and where feasible target terminal dates, for the progressive reduction and elimination of barriers to the exports of less-developed countries. The Committee noted that so far as quantitative restrictions were concerned it had not as yet been possible to establish such programmes of action. The Committee decided that it would be failing in its charter if it did not advise the CONTRACTING PARTIES at this stage of the gap still existing between intent and performance. In order to allow time for such consideration, discussion on this item would be resumed during the week commencing 29 October 1962, when all contracting parties still maintaining such restrictions are expected to supply this information.