1. At its eleventh session, in June 1968, the Committee on Trade and Development agreed that the Group on Residual Restrictions should resume its work on the basis of its original terms of reference. Accordingly the Group was convened and held four meetings on 3, 4 and 10 October under the chairmanship of Mr. G.J. Hall (Australia). The task of the Group as defined by the Committee was to study the existing information concerning the remaining import restrictions applied by developed countries on products of export interest to developing countries inconsistently with the provisions of the General Agreement and to submit appropriate findings and recommendations to the Committee in regard to all possible action that might be taken to secure their elimination.

2. The Group had before it a new list of the relevant import restrictions compiled by the secretariat (COM.TD/W/76) as well as certain statistical material circulated by the secretariat for reference (e.g. COM.TD/W/77).

3. At the beginning of the meeting, it was suggested that the Group might find it more profitable to examine the restrictions on a product-by-product basis than on a country-by-country basis. Such examination might inter alia reveal possibilities for establishing expert panels of the type envisaged by the Committee on Trade and Development in 1967 (cf. BISD, Fifteenth Supplement, pages 145 and 155). It was pointed out that the secretariat had suggested certain products suitable for such discussion in paragraph 3 of COM.TD/W/76. The general view of the Group was that it should start with country-by-country discussion and then take up individual products.

4. The Group heard statements by the representatives of Austria, Canada, Denmark, Belgium, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Sweden, the United Kingdom and the United States regarding restrictions listed in COM.TD/W/76, as well as a statement by the representative of Finland on restrictions applied by that country. The statements generally described measures of liberalization taken in the past months, the circumstances in which the continued application of the remaining restriction was considered necessary at present, and prospects of the restrictions being removed in future. Without being in a position to indicate
specific target dates for removal of restrictions on particular products, most of these representatives stressed the resolve of their governments to continue to explore all possibilities of liberalization. In the course of discussions following the statements the Group sought clarification on the application of restrictions on specific products and pertinent information was supplied by the delegations concerned on various questions raised.

5. With regard to one particular product, namely jute manufactures, the Group was informed that discussions were in progress as a left-over matter from the Kennedy Round. The representatives of the countries involved expressed the hope that successful conclusions to these discussions would be arrived at before the next session of the CONTRACTING PARTIES. Specific representations were made by developing countries on a number of other products, notably black tea and groundnuts. The representatives of the developed countries concerned stated that they had taken due note of the views expressed and would bring them to the attention of their governments for careful consideration. In regard to black tea, the Group expressed the hope that bilateral consultations could be held soon between Japan and the principal tea exporting countries with a view to achieving a satisfactory solution.

6. The texts of the statements made by the representatives of developed countries as well as brief notes recording the ensuing discussions concerning particular restrictions are contained in the Annex to this report. The secretariat has undertaken to issue a revised version of the tables in COM.TD/W/76 taking account of the factual information adduced in the course of the discussion.

7. Members of the Group noted that while some progress had again been made in the past year in the elimination of restrictions the number of products remaining subject to restriction was still considerable. They expressed anxiety over the adverse effects, both actual and potential, on the exports of developing countries, and stressed the importance and urgency of securing the early elimination of the remaining restrictions. Members of the Group particularly regretted that the contracting parties concerned were not even prepared to announce target dates for such action. The Group noted the concern of some developing countries that the
continuation of the import restrictions might detract from the scope and value of any general preferences which might shortly be introduced for imports of manufactured products from developing countries. Some representatives noted that in some instances discrimination existed in the application of restrictions between sources of supply, and expressed the hope that urgent action would be taken towards its elimination.

8. In the course of the discussion several representatives of developing countries expressed regret at the non-participation of one important developed contracting party in the work of the Group, thus depriving it of the opportunity of discussing one important segment of the residual restrictions of particular concern to many developing countries. It was agreed that the matter should again be brought to the attention of the appropriate organs of the CONTRACTING PARTIES so that remedial steps could be considered.

9. Some members of the Group pointed out that inasmuch as import restrictions on agricultural products were far from being the only measure restraining trade in these products and consequently were mostly reflections of fundamental problems of agricultural protectionism, a most useful action that the Group could take in this field might be to refer these restrictions to the Agricultural Committee for concurrent examination. The general view in the Group was that while it should be useful for the Agricultural Committee to be supplied with all the information available to the Group relating to residual restrictions on agricultural products, there should be no question of the Group abandoning or slackening its task of exploring the possibilities of liberalization these among other products on an urgent basis.

10. Some representatives maintained that since the residual restrictions being considered were inconsistent with the provisions of GATT, the Group should recommend that unless they could be removed immediately, the countries concerned should have recourse to the appropriate procedures of GATT and ask for a waiver. Other members suggested that regular consultations aimed at probing into the necessity and justification of the residual restrictions should be instituted with the developed countries in the manner in which countries applying restrictions for balance-of-payments reasons were required to consult.
The Group recalled the proposal submitted by New Zealand at the twenty-fourth session of the CONTRACTING PARTIES for the elimination of all remaining residual restrictions and the regularization of the legal situation with respect to any restrictions which must be maintained and noted that the Committee on Trade and Development would undoubtedly wish to revert to the subject of residual restrictions affecting products of export interest to developing countries after the twenty-fifth session to review the question in the light of the outcome of the discussions at that session on residual restrictions in general, taking into account discussions at previous sessions of the CONTRACTING PARTIES and the views expressed in this Group. Members of the Group considered, however, that in regard to certain products of particular interest to developing countries, it would be useful for this Group as soon as possible to examine the situation in greater detail on the basis of adequate data concerning trade in the items concerned and the special problems underlying the remaining restrictions. The secretariat should seek the necessary material (imports, production, consumption, costs and prices, investment, etc.) on selected products (e.g. those mentioned by the secretariat in paragraph 3 of COM.TD/W/76). It was to be hoped that the decision to seek such additional information and to consider it subsequently in the Group would not result in delay in action by the governments concerned to remove such restrictions at the earliest possible date, having regard to the obligations assumed by them under GATT. Some members of the Group stated that while not opposed to such detailed examination of problems relating to particular products in the Group or the collection by the secretariat of relevant information, they would stress the importance of such activity being appropriately timed and pursued with due regard to the discussions at the twenty-fifth session.

**ANNEX:**

**STATMENTS BY DELEGATIONS OF CONTRACTING PARTIES APPLYING RESTRICTIONS AND NOTES ON THE ENSUING DISCUSSIONS**

(These statements and notes will be checked with the delegations concerned and the texts will be attached to the report.)