1. At its fourteenth session in June 1969, the Committee on Trade and Development took note of the intention of the Group on Residual Restrictions, as agreed at its May meeting, to concentrate attention at its following meetings on restrictions affecting a few selected items. Six items were subsequently selected for examination from a list of twenty-one products or groups of products (document COM.TD/66, paragraph 11), following consultations between the Chairman of the Group and interested delegations (document COM.TD/66/Add.1). These items, i.e. natural honey, fish meal, cigars and cigarillos, leather and leather products, leather footwear, and coir mats and matting, were taken up at a meeting of the Group on 6 November 1969 under the Chairmanship of Mr. S.R. Pasin (Turkey).

2. In preparation for this meeting governments maintaining restrictions on imports of these products, were requested to furnish information useful in a discussion of their trade policies, in particular of the economic and social difficulties that, in their view, would be created by the removal of restrictions. The data supplied by governments and some statistics compiled by the secretariat on trade, production and consumption of the six products were forwarded to the Group in document COM.TD/W/105 and Addenda 1-3. Document COM.TD/W/107 provided a summary of the trade pattern in these items and tariff rates in countries applying restrictions and in certain other developed countries.

3. Notes on questions raised and answers given in the course of the examination by the Group of the six items are annexed. The Group noted the statement made by the representative of Japan that several items in the leather goods sector (for details cf. Annex) would be liberalized by the end of 1971 along with a list of some sixty BTN items as announced by his Government on 17 October.
4. In addition to examining the position in respect of these products the Group also took note of a number of liberalization measures which had been taken since its last meeting as indicated in Corr.2 to document COM.TD/67. In reviewing developments affecting items outside the six product groups the Group also took note of the statement made by the representative of Japan that the import of black tea would be liberalized by the end of 1971.

5. Some representatives of developing countries felt that a product-by-product examination of the kind now carried out by the Group was of some usefulness. They, however, expressed disappointment considering the illegal character of the restrictions under discussion. The Group did not address itself specifically to the means whereby developed countries maintaining restrictions might do away with them. In their view it was not sufficient for developed countries maintaining these restrictions to say that in their view these restrictions were necessary. They should be prepared to discuss these reasons and to indicate their plans for terminating those restrictions. The Group should also be expected in accordance with its terms of reference to make recommendations to the Committee on Trade and Development as to how the elimination of the remaining restrictions might be achieved. Representatives of some developed countries supported this view and stressed the importance attached by those governments to the early removal of remaining restrictions. The representative of one developed country said his Government was willing to endorse, as a general objective of the exercise of examining residual restrictions, the ideas set out in paragraphs 14 and 15 of the Director-General's note on import restrictions (document L/3260) which was before the GATT Council. Some other delegations considered that at this stage of its work the Group might usefully concentrate on the factual examination of existing restrictions on a product-by-product basis leaving it to the Committee on Trade and Development to discuss solutions. Some delegations thought that in considering new approaches regard should be paid to the proposals in document L/3260.

6. The representative of a developing country suggested that the Group might recommend the establishment of special machinery within the Committee on Trade and Development to carry out consultations under Article XXXVII:2. In his view
the main reason why these provisions had not been resorted to so far was the lack of proper procedures.

7. The Group agreed that it should continue with a product-by-product examination of restrictions of particular interest to developing countries having regard to the criteria for selection of products laid down in paragraph 11 of COM.TD/66 and the list of twenty-one products established at the last meeting. It was agreed that while the products taken up for examination would in the first place be selected from this list, the Group could take up also other items of particular importance for developing countries on the basis of proposals made by those countries. It was agreed that the final selection would be made in consultation by the Chairman and the secretariat with interested delegations. At its next meeting the Committee might wish to consider these suggestions and give guidelines for the Group's further work.
ANNEX

Natural honey

The Group noted that restrictions were maintained by Denmark, France and Norway.

The representative of Chile pointed out that the production of honey was a major and expanding agricultural activity in the country. He expressed regret that the Danish notification did not open up the possibility of liberalization of this product. The representative of Denmark replied that a large proportion of imports came from developing countries and pointed out that import quotas had been increased in recent years.

The representative of Spain pointed out that his country was a major supplier of honey to France and requested details of the restrictive system attached to this product. The representative of France explained that production in France was spread out over a large number of small units as a sideline to other activities and it was difficult to rationalize such a situation. A third of the marketed volume was imported and that was almost the upper limit for imports in present circumstances. Restriction was based on quota negotiated under bilateral trade agreements. In response to a query from the representative of Chile, the representative of France explained that the basic reason for the maintenance of the restrictions was that production was mainly practised in under-developed regions where it provided a badly needed source of income to the population. He saw no reason why Chile could not become a supplier to the French market and expressed the hope that bilateral consultations could be held between the competent authorities on the issue.

Cigars and cigarillos

No discussions.

Coir mats and matting

The representative of India referred to the bilateral discussions being held between his Government and the Commission of the EEC as a follow-up to the Kennedy Round. These discussions were still going on and he did not desire to
open further discussion on the issue at the present time. He however reserved the right to revert to this item if necessary.

The representative of Ceylon requested more information on the nature of these bilateral discussions and expressed the hope that whatever benefits resulted from them would be extended to other contracting parties. The representative of the EEC explained that the discussions had so far led to the creation of a joint committee to discuss the whole problem concerning coir mats and mattings. He further promised to pass on the wish of the representative of Ceylon to the appropriate authorities in Brussels.

Fish meal

The representative of France informed the Group that imports were almost completely liberalized with the exception of a small sector, namely fish meal based on cod and halibut of which there was domestic production. These species, he assumed, were however not of interest to exporting developing countries.

The representative of Japan explained that the restriction, which was applied on the basis of a global quota, was necessary to safeguard the livelihood of workers in this sector. Production was spread over about 4,000 units concentrated mainly in the under-developed regions of the northern part of Japan with each unit producing on the average about 130 tons and employing on the average less than thirty persons, which rendered them vulnerable to competition from efficient producers abroad. In spite of restrictions imports of the product had been increasing due to increasing demand for it as animal feed. There was reason to believe that this trend would continue in the future. The representative of Peru noted that the explanation given by the representative of Japan, that restrictions were needed for the protection of marginal producers, did not appear to conform with the objectives of GATT which were aimed at liberalizing trade on the basis of comparative advantage. Following a notification by the Swiss Government that imports of this item did not fall under any restriction, the representative of Peru requested clarification in regard to the operation of the licensing system for fish meal in Switzerland.
Leather and leather products

The representative of Japan informed the Group that under items 41.03-2 and 41.04-2 imports of sheepskin and goatskin leather, not dyed, coloured, stamped or embossed were liberalized and imports of these items had been increasing by about 20 per cent each year in recent years; about $5.7 million worth was imported in 1968. He explained that the reason for maintaining restrictions on the other sub-items was the special social problem posed by the presence of a minority group which specialized in the production of those items and for which there were only limited possibilities of changing over to other types of productive activities.

The representative of India stated that the interest of his country was primarily in items 41.02, 41.03 and 41.04 and especially in semi-tanned sheep and goatskin leather of which there was a substantial export. While noting that no restrictions existed on semi-tanned sheep or goatskin leather not dyed, stamped or embossed which are of primary interest to India, he asked for more information on the administration of the licensing system applied to other leather. His delegation also wished to know if sympathetic consideration could be given to the removal of restrictions on fully-tanned sheep and goatskin leather. He also pointed out that both tanned and semi-tanned varieties of bovine leather were subject to high tariffs as well as quota restrictions and enquired whether it would be possible to reclassify the item to enable a distinction to be made between vegetable semi-tanned and more processed leather so as to facilitate liberalization of the former product.

Although he felt that any action in this sector would be difficult in the present circumstances, the representative of Japan promised to take note of the request on bovine cattle leather and convey it to his Government. On the request of the representative of the United Kingdom (on behalf of Hong Kong) for more information on the nature of the restrictions, the Japanese delegation explained that the restriction was in the form of a global quota distributed among importers on the basis of past import performance and without any discrimination as to the source of supply. The representative of Korea inquired
about the possibility for the removal of restrictions on articles of apparel of leather and composition leather, articles which were also subject to high import duties. The delegation of Japan intimated that on 17 October 1969 the Government of Japan had decided to adopt a schedule for liberalization involving about sixty items, including agricultural products, on which restrictions would be eliminated, by the end of 1971. That list, he pointed out, included patent leather and imitation patent leather, articles of apparel, and clothing accessories of leather or of composition leather.

**Leather footwear**

The representatives of Spain and Turkey asked that their countries be included in the list of developing countries exporting this item. The Group took note of the notification by France that imports of leather footwear were not restricted in the country.

The representative of the United Kingdom (on behalf of Hong Kong) remarked that the proportion of leather footwear imports into Japan coming from developing countries was very small indeed and wondered whether there was explanation for this phenomenon, the items being under global quota and also for the static nature of the consumption of the product in Japan.

The representative of Japan replied that there were two global quotas, one for the footwear itself and another for parts of footwear. The reason for the small share of developing countries in imports appeared to be that importers, when given quotas, tended to import expensive shoes rather than lower priced shoes. The static nature of the consumption, he pointed out, might be due to the increasing demand for footwear of rubber and vinyl. Asked by the representative of South Korea about the prospects for liberalization of this item, the delegation of Japan replied that footwear of rubber and vinyl were not under restriction, and parts of leather footwear were among items to be liberalized by the end of 1971. However there were no plans at this moment for the liberalization of leather footwear.