ANNEX TO THE REPORT OF THE GROUP ON RESIDUAL RESTRICTIONS

Draft Prepared by the Secretariat

The following notes are intended for inclusion as an annex to the report of the Group on Residual Restrictions (cf. Spec(69)52/Rev.1). Delegations are requested to communicate to the secretariat (Development Division) as soon as possible any modifications which they might wish to have incorporated in the text.
NOTES ON DISCUSSIONS ON THE RESTRICTIONS IN TWENTY-FIVE PRODUCT GROUPS

1. Live animals, meat and processed meat
   No discussions.

2. Fish and processed fish
   The representative of Peru enquired with the delegation of France about the prospects of liberalization with regard to item ex 16.04 (prepared or preserved sardines, tunny, bonito, mackerel and anchovy).
   
   In reply, the French delegation explained that it was the policy of the French Government to proceed with liberalization as rapidly as possible. However, not much progress could be expected in respect of this item in view of the difficult social problems in the fish processing industry. The delegation appreciated the concern expressed and would convey the view of the Peruvian representative to the appropriate authorities for attention.

3. Dairy products, eggs and honey
   The representative of Pakistan referred to the restriction maintained by France on item 04.06 (natural honey) and to the fact that the amount imported from developing countries was only a tenth of that imported from developed countries. As this was a product of which some developing countries, including Pakistan, were efficient producers, removal of the restriction would undoubtedly result in increased exports of these commodities.
   
   The French delegation stated that the quota restriction on this item had been maintained in order to protect domestic production and to support the income level of producers. Moreover, maintenance of local production was necessary in order to ensure adequate and stable supply. In countries where imports had been liberalized it had been found necessary to subsidize local production. Nevertheless, small quantities were imported into France under quota within the framework of trade agreements to make up for deficit in local production. Furthermore, duties on the product had been cut during the Kennedy Round. In view of these the French delegation did not think that liberalization in the immediate future was feasible. While expressing understanding for the case put forward by the French delegation, the representative of Pakistan expressed the hope that more attention could be paid to imports from developing countries capable of exporting good quality honey. The French delegation assured the meeting that it had taken due note of the representation and would convey it to the attention of the competent authorities.

4. Flowers and bulbs
   The representative of the United Arab Republic requested clarification from the countries maintaining restrictions on these products.
In reply the representative of Norway explained that restrictions on cut flowers were applied seasonally, that is during periods of domestic production, and that importation was free for four and a half months of the year. He would, however, transmit the concern of the representative of the United Arab Republic to his Government. The delegation of France assured the Group that the concern expressed would be conveyed to the attention of the appropriate authorities. It should be noted, however, that France was faced with a peculiar difficulty in this sector in that substantial domestic production took place in the Mediterranean region where a shift into other production was difficult to carry out.

5. Vegetables and roots, and processed products

The representative of Pakistan referred to the restrictions imposed on onions by Norway, Belgium/Luxemburg and Austria. He stated that Pakistan was an agricultural country and had substantial surpluses of onions to export. Noting that only a third of the imports by these countries came from developing countries he questioned whether the restriction did not constitute an important barrier to the expansion of trade in a product in which developing countries were efficient producers. As the licensing system operated by these developed countries was discretionary, it could be used more in favour of developing countries. The representative of the United Arab Republic underlined the importance of some of the products to his country and requested clarification with regard to the restrictions maintained by Austria on onions and tomatoes (ex 07.01); by Denmark on onions, tomatoes and potatoes (ex 07.01); by Norway in respect of fresh onions and dry onions (ex 07.04); by Belgium and Luxemburg on onions and potatoes (07.01); by France in respect of onions dried or dehydrated (ex 07.04-A) and vegetables (ex 07.01); by the Federal Republic of Germany on potatoes other than for seed purposes (07.01) and vegetable preparations (20.01).

The representative of the Federal Republic of Germany explained that as far as potatoes for human consumption were concerned, they could be imported in unlimited quantities and without restriction until 25 May each year. Tomatoes could be imported without limitation from October to June. The restrictions maintained were mainly seasonal and in any case there were enough export possibilities open to developing countries.

The representative of Belgium stated in explanation that restrictions on some of the items were only seasonal, being enforced during periods of domestic production in order to sustain the income of the farmers; developing countries could easily take advantage of differences in seasons to expand their exports to the Belgian market. Onions and vegetables for preservation were completely free from restriction, restrictions being applied only to products for immediate consumption. Further, there was considerable importation of onions and tomatoes and the relatively large imports from developed countries might be explained by
geographical propinquity and traditional trade flows. Admittedly there was scope for greater promotional efforts on the part of businessmen of the developing countries interested in this market. The Belgian representative would not fail to transmit the concern to his Government.

The representative of India stated that while his delegation appreciated the need for seasonal restrictions in certain developed markets on some of these products, it could not but point out that as seasonal restrictions were applied by different countries at different times of the year, they presented real obstacles to exporting countries in planning new crops or developing production on a long-term or stable basis. Where discretionary licensing was used, it was to be hoped that it would be administered in a way conducive to increasing imports from developing countries.

The representative of Norway also stressed the seasonal nature of some of the restrictions maintained by Norway. In reply to the Indian delegation, he stated that discretionary licensing in his country was administered in a non-discriminatory manner. The Norwegian delegation would bring the representations to the attention of the Norwegian Government.

The representative of Canada pointed out that seasonal restrictions were used in Canada merely to influence prices and that their abolition would not necessarily affect the volume of imports.

With reference to item ex 07.06 (manioc and arrowroot) the representative of Brazil enquired with the delegation of Japan as regards the size of the global quota and whether there had been any increase in the quota since the Kennedy Round.

The representative of Japan stated that there had been an increase in the quota from 10,000 tons in 1967 to 11,500 tons in 1968.

6. Fruits and nuts, and processed products

No discussions.

7. Coffee and tea

The representative of Brazil recalled that the issue raised by his delegation at the last meeting of the Group concerning the restrictions maintained on coffee by Denmark had been dealt with to the satisfaction of his delegation during that meeting.

The delegation of Japan reported to the Group the progress made in the bilateral discussions instituted after the last meeting of the Group, and the current situation (see paragraph 5 of the report of the Group).
8. Cereals and processed cereals

The representative of Pakistan pointed out that as a producer of some of the finest varieties of table rice his country was particularly concerned about the restrictions maintained by Norway on this product of which its imports from developing countries amounted to only a third of its total imports from all sources. He suggested that the discretionary licensing might be administered in a manner more favourable to developing countries.

The representative of Norway promised to convey the representation to the attention of the appropriate authorities in Oslo.

The representative of the Republic of Korea suggested that item ex 19.07 (rice crackers) should be added to the list of products on which restrictions were maintained by Japan. He informed the Group that differences of views existed between the two delegations in respect of this item, and that the matter would be taken up in bilateral consultations between the two Governments either in Seoul or Tokyo. The representative of Japan concurred in this.

9. Oilseeds and vegetable oils

No discussions.

10. Animal fats and oils and margarine

No discussions.

11. Sugar and sugar products

The representative of Pakistan pointed out that Danish imports of molasses from developing countries were disappointingly low and requested the withdrawal of the restriction on this item so as to allow in more imports from developing countries, such as Pakistan, which were capable of exporting substantial quantities of the product.

The delegation of Denmark explained that imports of molasses into Denmark were licensed freely without limitation and without discrimination.

12. Alcoholic beverages, alcohol and tobacco

The representative of Pakistan addressed a request to the delegation of France for the liberalization of "cigars and cigarillos" noting the low level of imports of these products from developing countries. Pakistan, he affirmed, was in a position to export considerable quantities of cigars and cigarillos of good quality.
The delegation of France explained that in France trade in tobacco, cigars and cigarettes was under a State monopoly which dated back before the signature of GATT. Although the delegation would be willing to convey the Pakistani representation to the authorities, there could be no question of the French Government doing away with the monopoly. Representatives of Pakistan in Paris could always contact the monopoly if it were the intention of Pakistan to ascertain the conditions under which Pakistani cigars could be marketed in France.

13. Residues and waste from the food industries

The representative of Pakistan observed that "bran" was an item which developing countries, including Pakistan were capable of exporting in substantial quantities but of which only insignificant amounts were imported from them as compared with imports from developed countries. He suggested that the Group should consider whether the maintenance of restrictions on this product by Austria, Denmark and Switzerland was not hindering imports from developing countries.

The representative of Austria explained that there was no discrimination in the issue of licences for this item and that liberalization might rather result in even greater imports from developed countries.

The representative of Denmark undertook to convey the remarks of the delegation of Pakistan to the Danish authorities for attention, pointing out, however, that two thirds of the imports of the product in question into Denmark came from developing countries. He wondered whether any further measures could be taken to raise that proportion.

14. Miscellaneous products in Chapters 1-24

No discussions.

15. Mineral products

The representative of the Republic of Korea stated that the two items ex 25.04-2 (natural graphite, amorphous) and ex 26.01 (tungsten ores) were of major export interest to his country as earners of foreign exchange and he urged the liberalization of these imports by Japan. He noted that discussions had been going on with Japan on this issue and expressed the hope that they would result in an early liberalization of these items.

The delegation of Japan assured the representative of Korea that his views would be transmitted to Tokyo for attention.

16. Chemical products

No discussions.

17. Pharmaceutical products

No discussions.
18. Leather and leather products

The representative of Pakistan noted the low level of imports by Japan from developing countries of items 41.02 (bovine animals' leather and equine animals' leather) and 41.08 (patent leather), and asked whether the delegation of Japan could throw some light on the basis on which the quotas were allocated among different sources of supply.

In response the representative of Japan stated that his delegation has had many previous occasions to explain why these restrictions were maintained and the reasons were well-known to the Group. The quotas were global quotas open to all exporting countries on an equal footing. Producers in Pakistan were free to compete with other suppliers. While restrictions would continue to be maintained on leather goods, the quotas had been increased annually and this would continue in future.

The representative of India enquired whether the increases in quota were a deliberate policy in preparation for the removal of the restrictions. He expressed the hope that the quota restrictions would eventually be removed. The representative of Japan replied that he was not in a position to state the intention of his Government behind the quota increases. The wishes expressed by the Indian delegation would be conveyed to his Government.

19. Cork, manufactures of plaiting materials, paper and paper products

The representative of the Republic of Korea stated that bilateral discussions had been taking place between Korea and Japan on the elimination of the restrictions maintained by Japan on item ex 46.02-1 ("Waramushiro" — a kind of straw mat). Korea had a major export interest in the item and the restriction constituted a barrier to the expansion of her exports. He expressed the hope that a way out could be found for an early removal of the restriction.

In reply, the representative of Japan reiterated the hope that a mutually satisfactory solution could be found through bilateral discussion. The views of the delegation of the Republic of Korea would be transmitted to the Japanese Government.

On item ex 48.01-A (newsprint), the delegation of Pakistan stated, that although France was a big importer of newsprint, her imports from developing countries in general and Pakistan in particular had been negligible. It expressed the wish that in future more could be imported from developing countries which were capable of exporting substantial quantities of good-quality newsprint.

The delegation of France explained that trade in the product was under a State monopoly. There was no reason, however, why a greater quantity could not come from developing countries and one could be sure that any offers from Pakistan, and for that matter from any other developing country, would be sympathetically considered.
20. **Textiles and textile articles**

A general discussion of item ex 57.10 (jute manufactures) took place at the beginning of the current meeting (see paragraph 5 of the report by the Group). Further, the representative of India noted that in the opinion of his delegation, the new system of control announced by the United Kingdom Government, to come into effect on 1 May 1969, constitutes an intensification of the restriction on imports into the British market. However, his Government had accepted the arrangements in a spirit of understanding of the difficulties which the British jute industry was facing and in the belief that the measures would be removed or relaxed at an early date.

The representative of the United Kingdom expressed gratitude for the remarks of the representative of India and explained that hitherto a State-trading system had been in operation under which the Jute Control Board had the monopoly to import and resell jute products either to manufacturers or to the retail market with a percentage mark-up. This system would, under the new arrangements, be replaced by a global quota covering the same range of goods as well as countries. In the opinion of his delegation, this constituted a relaxation of the restrictions and increased the access to the British market for the goods under control by about 25 per cent. Nevertheless, it was the intention of his Government to continue with the policy of liberalization which had been going on since the war.

Addressing himself to the European Communities, the representative of India stated that under item ex 57.10 (jute manufactures), three products were of particular interest to his country, namely, heavy sacking, hessian and carpet backing. He affirmed that with regard to heavy sacking, there was no production at all in either France or the Federal Republic of Germany and that there was therefore no justification for the maintenance of quota restrictions on this product. With regard to the two other products, he admitted that these were sensitive in view of the availability of local production. He expressed the hope that the current discussions on jute with the European Communities would be successfully concluded at an early date.

The French delegation replied that it was not in a position to give any detailed information on the negotiations going on between the Commission of the Communities and the exporting countries.

A restructuring of the jute industry in France was taking place in the direction of increased production of the more elaborate items such as mixed fibre fabrics and jute furnishing. This evolution would take several years and the negotiations going on must take account of this trend. The delegation believed however that jute products would be progressively liberalized and that imports of certain items such as heavy sacking would be increased.

The representative of Pakistan was of the opinion that in view of the negotiations going on, and in view of the complexity of the problems involved, the question of jute manufactures should not be further discussed in detail in
the Group. His Government did not visualize any sudden and total elimination of the restrictions in force in the immediate future and would rather prefer the present arrangements to continue for some time.

The representative of the Commission of the European Communities assured the delegations of India and Pakistan that their views would be reported to Brussels for attention.

In reply to the statement of the representative of India, the representative of the Federal Republic of Germany stated that imports of heavy sacking into the Federal Republic remained subject to restriction. Although there was no domestic production of sacking calling for protection from competing imports, it had been found impossible for the import control authorities and customs officials to distinguish heavy sacking from other types of jute fabrics, notably carpet backing, for which there were problems of adjustment requiring a certain measure of protection.

Item 53.11 (woven fabrics of wool and animal hair). On this item the representative of Pakistan observed that imports into Japan from developing countries was negligible as compared with imports from developed countries. Pakistan having a substantial export interest in the product, he would urge that the quota be expanded to enable Pakistan and other developing countries to increase their exports.

The representative of Japan explained that these imports were subject to a global quota which was open to all countries. It was to be regretted that imports from developing countries were rather small, but as the quota was expanded annually it was up to the developing countries to take advantage of it to increase their exports.

Item ex 53.02 (other carpets, carpeting, rugs, mats and matting). The delegation of India expressed appreciation for the fact that the Government of the Federal Republic of Germany had found it possible to eliminate the restrictions on this item. On the other hand, it expressed concern to the French delegation at the continued subjection of the item to restrictions and urged its early removal.

The delegation of France stated that it was aware of the concern of the Indian delegation and assured the meeting that its views would be conveyed to the attention of the appropriate authorities.

The representative of the United Kingdom speaking in behalf of Hong Kong, requested the inclusion in the French notification of a number of non-cotton garments and manufactures on which quota restrictions were maintained by France, namely:

60.04 (undergarments, knitted or crocheted, non-elastic or rubberized)
ex 61.01 (men's and boys' outergarments)
ex 61.02 (women's, girls' and infants' outergarments)
ex 61.03 (men's and boys' undergarments)
61.05 (handkerchiefs)
62.02 (bed linen, table linen, toilet linen, kitchen linen)

The delegation of France agreed to the inclusion of these items in so far as they applied to fabrics made of fibres other than cotton.

21. Footwear

The delegation of Pakistan indicated that Pakistan had an important export interest in footwear and as such was concerned about the restrictions maintained by Japan and France on this item. Imports of this product by Japan from the developing countries as compared with developed countries were disappointingly low and it was to be hoped that Japan, as well as France, could see its way to increasing their imports from the developing countries.

Similar views were expressed by the representative of India, who indicated a special interest in leather footwear and asked for a more detailed breakup of the tariff items in the statistical data to be compiled by the secretariat.

In response, the French delegation indicated that it was not aware of any requests for imports under quota from India or Pakistan being refused and that much depends on the promotional efforts of the countries wishing to export to the French market.

The representative of Japan assured the two countries that he would convey their views to the attention of his Government. He emphasized, however, that liberalization would be difficult owing to social and economic problems faced by those engaged in this line of production.

22. Ceramic products and glass

The representative of Pakistan enquired with the delegation of France as to the reasons for which restrictions were maintained on imports of tableware of porcelain or china (69.11), noting that none of the product was imported from developing countries. Pakistan was in a position to export good-quality tableware and the maintenance of this restriction must have adversely affected Pakistani exports. He requested that the French Government be more liberal in this regard, either fixing a quota for his country or applying the restriction more liberally.

The delegation of France explained that the industry was currently undergoing restructuring, and that liberalization might be possible in the near future. To its knowledge, however, no application for licence from any developing country had ever been refused.
23. **Iron and steel, products of base metals**

The representative of Pakistan stated that as a producer of high-quality steel and cutlery, Pakistan was capable of satisfying any sophisticated requirements. His country had a major export interest in item ex 73.15 (alloy steel and high-carbon steel), 82.09 (knives with cutting blades), and ex 82.14 (spoons, forks, etc. of stainless steel). He expressed the hope that imports of these products into France would be liberalized.

The delegation of France, in reply, informed the Group that two of the three items had been liberalized, namely ex 73.15 and part of ex 82.14 (spoons and forks) and that it might be possible in future to liberalize also the remaining part under ex 82.14 (knives).

24. **Machinery and mechanical appliances including electric**

The representative of the United Kingdom, speaking on behalf of Hong Kong, requested the inclusion in the list of restrictions of items 85.03 (primary batteries) and 85.10 (electric flash lamps) on which single-country quotas were maintained by France on imports from Hong Kong, but which did not appear in the French notification.

The delegation of France agreed to the inclusion of these products in the French notification.

25. **Miscellaneous industrial products**

No discussions.