Draft Report of the Joint Working Group on Import Restrictions

1. The Joint Working Group was established by the Council, at its meeting of 23 January, as a temporary ad hoc body to conduct consultations with contracting parties, along the lines suggested by the Director-General in Section III of his proposal discussed in L/3260, concerning the quantitative import restrictions maintained, taking into account the debates of the Council in the matter. The countries to be consulted were the developed countries, and for practical purposes it was decided to limit consultations to those countries whose restrictions were partially listed in an illustrative table annexed to L/3260. This selection of countries excluded those consulting regularly on balance-of-payments difficulties as well as countries with centrally planned economies. These countries were: Australia, Austria, Canada, Denmark, the EEC countries, Ireland, Japan, Norway, Portugal, Sweden, Switzerland, the United Kingdom and the United States. Members of the Group were the contracting parties comprising the membership of the three main Committees of GATT. The Group met from 13 to 24 April under the chairmanship of Mr. S.R. Pasin (Turkey).

2. The Council instructed the Group to take into account its debates on the matter, where it had been emphasized that the Group would, in effect, act as agent for the three main Committees. This implied that the Group's work should be arranged, both as to timing and as to content, so as to contribute to the work of those Committees. It was also emphasized in Council that particular attention should be given to restrictions affecting the trade of developing countries. The Group was instructed to report at an early date.
3. Documentation before the Group, contained in L/3377 and addenda (revision of the table annexed to L/3260) was based on notifications by maintaining countries concerning residual restrictions, notifications by trade partners in the Inventory of Non-Tariff Barriers (as regards industrial products) and similar notifications to the Agriculture Committee on agricultural products.

4. The specific guidelines, in paragraph 15, for conduct of the Group's work were:

   (a) first, to see what restrictions could reasonably be considered susceptible to immediate relaxation or withdrawal;

   (b) second, to reach agreement on the dismantling of other restrictions, either on a unilateral basis, or through parallel action in another country or countries, or by agreements among pairs of groups of countries. This dismantling might in some cases be staged.

It was also recognized that the general aim would be to elaborate hypothetical solutions entirely without commitment, which could be used in the main committees at the appropriate time in balanced packages of multilateral concessions.

5. Since, in the event, only a single meeting of two weeks was allocated by the Council to the work of the Group, covering some 2,000 restrictions, the Group concluded that its most useful contribution would be to prepare to the maximum for the work of Group 4 of the Industrial Committee, the parallel work of Group 2 of the Agriculture Committee (Import Restrictions), and the work of the Group on Residual Restrictions. This was done through an item-by-item review of the restrictions maintained by the eighteen countries directed towards ascertaining, where possible and where interest warranted, the purpose of the restriction, the economic importance of restriction, other protection afforded, plans and possibilities for relaxation and removal. The results of this work are contained in an annexed revised consolidated list. The table has also been arranged so as to facilitate integration of new material into the work of the main Committees, through a system of annotation explained in a headnote to the table. The headnote also offers some general explanation of the system of restriction in force in the various countries covered, as an aid to interpretation of the symbols.
6. The table also includes a tentative classification of restrictions. Those marked A have been reported to be scheduled for liberalization by a fixed future date. Those marked B are cases where there appeared to be a possibility of relaxation or removal if certain conditions were met.

7. Beyond this immediate task, the Group considered it desirable to draw to the Council's attention certain questions to which the Council might wish to give attention in order to bring the quantitative restrictions under control, to ensure their elimination and to obtain a greater degree of equity and order in the area of quantitative restrictions.

8. First, the question arose as to whether it would not be wise to take steps to ensure the updating and progressive improvement of the table of import restrictions which has been drawn up. A more effective system of written notifications, including notifications by affected countries, would be one possible means to this end. Another possibility would be for the Council to instruct the secretariat to avail itself of semi-official sources of information published under the aegis of the contracting parties involved as a means of revising and improving the coverage of the consolidated table on a continuing basis. The Council might also wish to consider a further exchange of views on restrictions along the lines of that just concluded by the Group, or, possibly, the establishment of consultations at suitable intervals.

9. A second question concerns the manner in which the CONTRACTING PARTIES may wish to deal with the regularization of those restrictions which cannot be expected to be removed in the foreseeable future but which do not fall within the limits of existing exceptions permitting maintenance of quantitative restrictions.

10. In documentation submitted to the Group just before it convened, certain notifications by Poland drew attention to cases of discriminatory restrictions maintained against it by certain other contracting parties. The Group was unable to discuss these notifications in detail for lack of appropriate preparation. Further, some countries expressed the view that such questions would more appropriately be dealt with during the annual consultation with Poland. However, others supported the Polish view that these restrictions fell within the purview of the Group. It was agreed to retain the items in the table.
Annex I

REVISED CONSOLIDATED TABLE

Symbols on types of restriction

1. To overcome ambiguities and inconsistencies in the use of symbols in L/3377 and addenda, the following symbols, in ascending order of security, are used to denote the types of quantitative restriction in use:

LL - Cases in which supplying countries consider that liberal licensing may constitute a restriction. In most cases the maintaining country disagreed. In this connexion it is noted that a list of items under Automatic Import Quota system in Japan, shown in Annex II, is considered by notifying countries to fall in this class, although for practical reasons the items are not shown in the consolidated table.

GQ - This symbol is used to describe cases in which the amount of quota is published and it is applicable to goods of all contracting parties except as noted in the relevant box (or in the general description of the country’s system).

DL - Denotes discretionary licensing, i.e., no fixed quota is opened if the amount of a quota is not known to the trade, and the object is agreed to include reduction in amount of imports below what would prevail in the absence of the measure. This symbol does not include cases where licences are normally not granted.

BQ - (country abbreviation) - Denotes that bilateral quotas are opened for the country(ies) indicated.

SUSP - (country abbreviation) - Denotes that a restriction applicable only to a particular country has been suspended in consideration of agreement by that country to operate an export restraint at an agreed level.
XR - (country abbreviation) - Denotes a case in which a supplier country has agreed to sponsor an export restraint in a situation in which there was previously no import restriction.

O - Denotes imports are generally prohibited or embargoed, with the possible exception of purchases for government (e.g. defence) use.

2. State trading

ST - Denotes existence of a government monopoly or a monopoly franchised by the government with exclusive control over imports. It was the view of some countries, however, that restriction might or might not be involved.

3. Country abbreviations

In the Benelux column, the abbreviation for one of the three constituent countries indicates that the restriction is applied there alone, or except in that country, as noted.

Country abbreviations preceded by a dash (e.g. - UK) mean that restriction applies to imports from other countries than the one(s) named.

Elsewhere all country abbreviations refer to the country(ies) whose trade is restricted.

4. Other Symbols

Numbers in the lower left-hand corner of the box refer to Non-Tariff Barrier Inventory numbers.

An asterisk in that corner denotes inclusion of the item in an appended note to the table containing actual material additional to that contained in the Inventory (including all information brought forward with respect to items not in the Inventory). This material is arranged by BTN number and within each number by country. If more than one BTN number is covered (except for consecutive numbers) cross referencing is provided in the note.
In the lower right-hand corner the letter A or B indicates that the item is tentatively classed as:

A - scheduled to be liberalized at a fixed date;

B - possibility of relaxation or removal if certain conditions met.

An asterisk in the BTN column indicates that the item is of interest to developing countries.

5. Cotton Textiles Agreement

All restrictions imposed or maintained pursuant to Article 4 of the Cotton Textiles Agreement are deleted from the main consolidated table; though listed summarily in Annex III, on the Group's feeling that it was inappropriate to spend time in a general survey of this kind on restrictions which are already the subject of detailed work in a separate body.

6. General notes on country application of the restrictive systems of the eighteen countries

The notes to the original table in L/3260, which was headed "Illustrative Table", indicated that the coverage of the table was incomplete, especially with regard to discriminatory restrictions, almost none of which were originally included owing to the nature of the material on which it was based. It could accordingly be assumed that absence of a notation concerning a restriction was no guarantee that freedom from restriction prevailed for all contracting parties.

In the revised table, many discriminatory restrictions will now appear, so that there will be a much greater tendency to attribute significance to absence of an entry in a given box. It is accordingly much more important that the headnote material give a clear indication of the true situation, entirely apart from the desirability of assembling in one easy reference source the scattered and fragmentary information now available on this subject.
The secretariat would not be in a position to assemble accurate information on this point without the aid of the contracting parties concerned. With their co-operation, however, a concise note could be prepared for inclusion in the explanatory material of the headnote indicating the various country categories and the treatment accorded to each contracting party by each of the eighteen countries of the table. It would be necessary to provide:

(i) A list of contracting parties receiving each type of treatment, accounting for all contracting parties.

(ii) A general description of the treatment accorded to each group.

(iii) This listing should show not only countries which receive less than normally favourable treatment but also those specially favoured, and their treatment.

It is suggested that the eighteen contracting parties submit this information.