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 contained in L/3260, concerning the quantitative import restrictions maintained, taking into account the debates of the Council in the matter. For practical purposes consultations were limited at this stage to those countries whose restrictions were partially listed in an illustrative table annexed to L/3260. The countries were: Australia, Austria, Canada, Denmark, the EEC countries, Ireland, Japan, Norway, Portugal, Sweden, Switzerland, the United Kingdom and the United States. This selection did not cover the restrictions of those countries consulting regularly on balance-of-payments difficulties or countries with centrally planned economies. 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; the Committee on Trade in Industrial Products, the Committee on Agriculture, and the Committee on Trade and Development. 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 and the results should be made available to them. 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.

1 One country has reserved its position on the ground that one contracting party maintains an embargo against the exports of the former.
3. Work at this stage was largely exploratory and involved no definite commitments by any government.

4. One speaker recalled that his delegation had agreed to the establishment of the Joint Working Group on the understanding that they were not prepared "to discuss the potential removal or relaxation of their agricultural import restrictions in the Joint Working Group unless other participants were prepared similarly to discuss action with regard to their system of protection, having effects similar to import restrictions" (C/M/60). He stated, however, that his delegation would be prepared to discuss again the reasons for the maintenance of its restrictions (described in L/3302) in the Joint Group on the understanding that the Joint Group was doing preparatory work to be used by Working Group 2 of the Agriculture Committee when seeking solutions.

5. 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 both in the Inventory of Non-Tariff Barriers (as regards industrial products) and as presented to this Group; similar notifications to the Agriculture Committee were also used on agricultural products. The exchange of views on individual notifications during the meeting also contributed to fuller understanding of restrictions employed.

6. Since only two weeks were available for the work of the Group, covering some 2,000 notifications, the Group concluded that its contribution should include advancing to the maximum the work of Group 4 of the Industrial Committee, the parallel work of Group 2 of the Agriculture Committee (Measures Affecting Imports), 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, so far as interest and available time permitted, the purpose of the restrictions, their economic importance, other protection afforded, plans and possibilities for relaxation and removal. The review was necessarily rapid and in many instances the information obtained did not cover all the points. The results of this work are contained in an annexed revised consolidated table. The table has also been amended 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. Notes annexed to the table
record more fully the significant information on individual items brought forward during the discussion.

7. This report also includes a tentative classification of restrictions identifying (1) items liberalized between the time when L/3260 was prepared and the time of meeting of the Group, (2) items with respect to which governments have fixed definite time-limits within which they intend to remove restrictions up to the end of 1973, and (3) non-agricultural items with respect to which it appeared to the secretariat that further early examination of the possibilities for relaxation and removal might be worthwhile. The third list, which is reproduced in Annex III, was prepared on the basis of the discussions but on the sole responsibility of the secretariat since delegations were not in a position in most cases to make statements concerning future possibilities, notwithstanding the tentative nature of the Group's work.

8. Instances of restrictions affecting products of export interest to developing countries and which are also the subject of examination in the Group on Residual Restrictions have likewise been identified in the table. The table also gives the necessary cross references to such detailed documentation as has been established by that Group.

9. In view of the existence of a separate body in which the cotton textiles problem was subject to continuing review and the special procedures concerning use of restrictions, the Group did not discuss this problem; the restrictions are listed in a separate Annex IV. Neither did the Group discuss certain restrictions maintained on health and sanitary grounds; these are listed in Annex V.

10. During its work, certain differences of view emerged concerning the proper scope of the import restrictions to be considered. In such cases it was agreed to indicate the existence of these measures and to note clearly the differences of opinion. Details on these questions are contained in the annexes.
11. The Group took cognizance of the fact that certain problems are encountered in agricultural trade due to particular economic and social factors common to many countries. Certain delegations stated that different countries were more or less favoured or hampered by certain of these factors, such as irregular growing seasons, distance from markets, or small landholdings. It was noted that many governments wished to provide farmers with the opportunity to obtain income comparable with that in the industrial sector of their economies. It was also noted that agriculture was of relatively greater importance in the economies of some countries than others. Some delegations said that little justification had been advanced during the discussions for many restrictions apart from statements which amounted to saying that protection was required. These delegations did not accept that appeals to social problems justified the use of illegal restrictions and pointed out that alternative methods of attaining objectives could be used. Some delegations said that the burden of these problems should not be shifted onto exporting countries, particularly developing exporting countries which already had growth and currency problems.

12. It was the view of some delegations that in particular all illegal quantitative restrictions should be removed promptly. Other delegations considered that to draw a distinction between "legal" and "illegal" quantitative restrictions was artificial and unlikely to be productive; this was reflected in the mandate for the Group. Still other delegations felt that when collecting information the Group should not make a distinction but pointed out that it was a fact that in the past some quantitative restrictions had been legalized, through, for example, the provisions of the General Agreement, protocols of provisional application, certain accession protocols or waivers, and some had not.

13. Some delegations suggested that cases in which illegal quantitative restrictions bore particularly on the trade of developing countries should receive the highest priority and, where feasible, that time-tables for their elimination or for the enlargement of quotas, possibly in relation to the growth of the market, should be set without reciprocity being required. When a legal quantitative restriction significantly affected both developing and developed countries' exports special consideration should be given to the product on a most-favoured-nation basis in the light of the interests of the developing countries themselves.
14. Some delegations referred in particular to the provisions of Article XXXVII:1(a) and were of the opinion that no distinction should be made between quantitative restrictions that were legal and those that were illegal when they affected the trade of developing countries. These delegations said that there was no further need for exploratory work in this area since the problems had been identified in the Committee on Trade and Development. The Joint Working Group should recommend that the removal of restrictions on the list of twenty-one items under examination in the Group on Residual Restrictions should be dealt with on a priority basis.

15. One delegation said no distinction should be made between legal and illegal restrictions in the agricultural field and that an appeal should be made in Working Group 4 of the Committee on Trade in Industrial Products that contracting parties should renounce protocols or waivers legalizing their quantitative restrictions.

16. The Council might wish to give attention to possible further procedures to bring these restrictions under more effective international scrutiny with a view to facilitating their relaxation or elimination, and as a minimum, to ensure a complete and orderly description of measures in force. In particular, 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 published sources of information in 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.
17. Some delegations suggested that quantitative restrictions for which there was only slight substantive justification should be eliminated at an early date, that any discriminatory element in existing restrictions should be eliminated and that a set of guiding principles should be adopted for the administration and future elimination of remaining quantitative restrictions particularly total prohibitions of imports from selected countries. Among these principles might be the opening of some trade opportunities for products at present completely prohibited and the provision for annual increases in quotas to allow imports a greater share of the domestic market.

18. The question was also raised of 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.

19. Some delegations were impressed by the lack of symmetry which existed between the detailed notification and consultation procedures provided in the case of balance-of-payments restrictions and restrictions maintained under waivers and the rather superficial examination that had been possible in the present meeting. These delegations suggested that there was a need for continuing machinery for improved regular consultations on the administration and eventual elimination of remaining quantitative restrictions. Other delegations said that in their view the consultation held in the present meeting was no different in essence from the other consultations referred to and had been useful.

20. Some delegations pointed out that the work of the present meeting had been narrow in scope and had not dealt with many measures which had effects very similar to those quantitative restrictions. Other delegations pointed out that such measures were applied in both the agricultural and industrial fields. One delegation pointed out that there was a link between the maintenance of quantitative restrictions and other types of measures applied by contracting parties having similar effects.
21. It was pointed out that only eighteen contracting parties had been covered in the Joint Group's examination and that the question of the addition of other contracting parties remained open.

22. 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.

(The draft on Annex I has not been revised).

List of Annexes

I. Revised Consolidated Table (and its notes on individual items)
II. Japan Automatic Import Quota List
III. Classification of Restrictions Reviewed
IV. Restrictions on Cotton Textiles
V. List of health and sanitary regulations contained in L/3377 and addenda.
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 severity, 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.