GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade in Industrial Products
Working Group 4

DRAFT TYPES OF SOLUTIONS

Addendum

2. Quantitative restrictions including embargoes

In considering the types of solution which might appropriately be used in action to relax and remove quantitative restrictions, including embargoes, the Group gave principal attention to an overall solution in which each developed country's contribution would be measured by the extent of the restrictions which it presently maintains. This was discussed chiefly in the context of the proposal regarding illegal restrictions reported above (page ), but the composite proposal set out below is not that country's proposal so much as the views of the countries which commented on the original suggestion. Some discussion directed to the possibility of smaller negotiated packages of liberalization packages follows this main section.

General solution

(a) The most hopeful possibility for removal of non-tariff barriers in this area appeared to be an undertaking by all developed countries not invoking Article XII to phase out their import restrictions on industrial products which are inconsistent with the provisions of GATT on the following lines:

(1) A maximum number of restrictions of trade significance, in particular those of special concern to developing countries, to be eliminated by some medium-term target date, e.g. 1 January 1972.

(2) For those not so eliminated, adoption of a programme of increases in quotas to be effected beginning immediately and extending possibly one or two years beyond the target time for elimination of the first group of restrictions. The increases might be stated in percentages keyed either to domestic production of the goods restricted or to amounts of the restricted products imported in past years, or might be tied to development of the internal market in the product.
(3) The programme would include for a start at least token quantities of imports of all restricted products, to be increased up to a date of final liberalization.

(4) For any products not susceptible to treatment in one of the above categories, countries would be obliged to seek waivers as from the end of 1971, and failing success in such effort would pay compensation. It would be understood that countries obtaining waivers would be subject nevertheless to the provisions of Article XXIII.

(5) Included in the scope of this programme would be:

- Licensing systems (possibly excepting some automatic schemes to be defined)
- Quotas and embargoes
- State-trading practices
- Export restraints

...to the extent that such are maintained inconsistently with the terms of the Articles of GATT (i.e. including restrictions justified from a legal standpoint by protocols of provisional application, invocation of Article XXXV, or past waivers on products covered by Chapters 25-99 of the BTI). Excluded, besides agricultural products, would be restrictions justified on balance-of-payments grounds where Article XII has been invoked and restrictions justified by other Articles, especially XIX, XX, XXI, and restrictions on cotton textiles.

(6) Such a programme would imply a need for one or more meetings at intervals of one or two years to review progress.

This programme was discussed on the general understanding that no country was committed to participate in such a programme, which was elaborated on a purely tentative and entirely non-committal basis.
(b) Developed and developing countries having balance-of-payments restrictions but not now consulting under Articles XII or XVIII or some similar procedure were urged to accept some form of consultation as their contribution to the general effort to remove quantitative restrictions.

(c) One country suggested that a contribution would be a note interpreting Article XXIV in the sense that that Article did not authorize discrimination by any country member of a regional grouping in the operation of quantitative restrictions to favour other members of a free-trade area or customs union.

(d) There was discussion of the question whether it would be useful to ask the secretariat to engage in a study of the scope of Articles XX and XXI as relevant to preparation of a programme of the kind envisaged in (a). Most countries stated that such a study would probably not lead to any solution and stated that the question of interpretation was the responsibility of the contracting parties.

Partial solutions

There was discussion of the possibility of identifying commodity sectors in which a number of countries maintain import restrictions, on the theory that one country might find it easier to relax restrictions in a sensitive sector if the action were taken concurrently with similar action in several other import markets, since the pressure of increased imports would be spread in this way rather than concentrated on a single country. There was some feeling that there might be relatively few sectors to which such a procedure would be applicable, but a number of countries felt that the idea might be examined further when the results of the Joint Working Group's review became available. In this connexion it was noted by some developing countries that such action would only be of interest to them if products supplied by them were included. One suggestion was that more than one commodity might be linked in such action, so that a country which stood to gain by a group relaxation in one sector might match the action by relaxing restrictions with respect to other products of which it was a potential importer, for example. It was further noted that tariff action might comprise a concomitant which some countries could add to any packages attempting to deal with particular commodities, since some countries still had substantial tariff protection which could well be reduced.