At its meeting of April 1975, the Sub-Group "Quantitative Restrictions" agreed that the two draft texts of Licensing Procedures reproduced on pages 15-19 of MTN/NTM/W/2 should be the starting point for the Sub-Group's continuing work, and that delegations so desiring would propose in writing to the secretariat for distribution, specific alterations to the two draft texts giving the reasons therefor, in time for discussion at the next meeting of the Sub-Group. (MTN/NTM/2, paragraph 9(i) and (vii), and GATT/AIR/1167.) This agreement was confirmed at the October/November meeting of the Sub-Group (MTN/NTM/9, paragraph 11 and GATT/AIR/1240).

The following communication has been received from the delegation of Mexico. It further explains the position presented by Mexico in MTN/NTM/W/11/Add.8.

The Mexican delegation considers that the Sub-Group's activities in regard to import licensing should have as general objective improvements in the international framework for the conduct of trade.

In our opinion, the participation of delegations of countries that are not GATT members in the multilateral negotiations, and consequently in the deliberations of this Sub-Group, would be conducive to attainment of this objective. Any agreements that may eventually be adopted should contribute to the establishment of an instrument that is independent of the General Agreement.
Mexico, as a developing country that is not a contracting party to GATT, hopes that such agreements as are reached will include provisions of direct benefit to all developing countries, in the light of the serious economic problems that have resulted for them from the structure and functioning of international trade. It is of priority interest to us that special account be taken of the recommendations concerning differential treatment in favour of developing countries, as set forth in Part IV of the General Agreement, recognized in the Tokyo Declaration and recently adopted in Resolution 96(IV) of UNCTAD and in various resolutions of the General Assembly, in particular the Charter of Economic Rights and Duties of States.

The proposal made by our delegation in the course of the March meeting, circulated in document MTN/NTM/W/11/Add.8, falls within the context of the above-mentioned texts.

Below are some considerations concerning the proposal and the reasons that led the Mexican delegation to present it:

The proposal presented by the Mexican delegation on automatic import licensing and on licensing to administer import restrictions contains the same number of paragraphs as the existing drafts, in order to facilitate comparisons between the two texts.

As may be seen, the Mexican proposal can be divided into three main groups: the first comprises paragraphs on which our delegation is not making any suggestions and which, if need be, could be included in a code on these matters, once the general doubts have been dispelled and clarification has been secured on specific points that are still imprecise and which come under other elements included in the drafts under reference. For some other paragraphs regarding which we have doubts, we have reserved the right to make a proposal once we have obtained appropriate clarifications within this Sub-Group. Lastly, for some other paragraphs we have presented alternative proposals.

The doubts and comments expressed by our delegations are attributable to the fact that Mexico did not participate in the preparation of the draft codes of conduct under reference, and these were basically outlined by developed countries.

The draft texts that we are discussing do not explicitly take account of the interests of the developing countries; furthermore, the aims and objectives that inspired the drafting group are not clear. Neither of the two draft codes succeeds in specifying the objective pursued.

The structure of some paragraphs links the proposed code on these matters with the General Agreement, taking account of the fact that countries that are not GATT members are participating in the formulation of the code, and it would seem appropriate to make provision allowing them to subscribe to it.
The foregoing probably derives from the fact that the text of these drafts dates from before the Tokyo Declaration, so that it takes no account of the substantial progress made in favour of the developing countries at Tokyo and in later pronouncements. In this way, by linking the draft texts to the GATT rules, without taking account of progress achieved in the above-mentioned pronouncements, attainment of their universality is prevented.

Mexico's concern to obtain the clarifications we have mentioned is consistent with our country's active participation in international meetings, which is aimed at securing the adoption and implementation of measures beneficial to trade, in particular trade between developing and industrialized countries.

Similarly, it is also consistent with the principles underlying the application of the various instruments of commercial policy in the developing countries. The application of these instruments is organized and administered in the light of economic development objectives and plans, and the introduction of trade restrictions is not seen as an ultimate and principal goal; such restrictions are instruments to regulate imports so as to take account of objectives in the field of industrialization, new job opportunities, rational utilization of international payment means and, in brief, to raise the standard of living of the population.

It follows from the foregoing that our delegation also has some doubts concerning the title of the draft concerning licensing to administer import restrictions. Acceptance of this title would imply that in all the developing countries their respective import policies are restrictive and are not essential elements of their growth policy.

Of particular importance is the manner of interpreting the various instruments applied by developing countries in respect of imports. If these instruments are maintained, the reason is that recent history has shown that, until now and so long as there is no change in the current conditions of world trade, they constitute authentic growth accelerators, whereas trade freedom in the traditional sense does not contribute to attainment of that objective.

If instruments are maintained to regulate and orientate imports, and they are not necessarily restrictive, the reason is that the conditions that led to their establishment have not changed fundamentally; on the contrary, the figures given by GATT, the United Nations and the International Bank show that they have deteriorated.

In the light of the foregoing, it would be illogical for the developing countries to be required to justify the existence of these frequently mentioned instruments. In reality what should be required is that proof be shown to the developing countries of the need for elimination of such instruments.