1. At its meeting of October/November 1975, the Sub-Group "Quantitative Restrictions" agreed that delegations should endeavour, in advance of the next meeting, to send to the secretariat summary notes with respect to the consultations in which they had participated as exporting or importing countries. The Sub-Group also agreed that the secretariat would assemble and distribute these summaries for the further work of the Sub-Group (MTN/NTM/9, paragraph 9).

2. The following communication has been received from the delegation of the United Kingdom on behalf of Hong Kong (Annex) concerning consultations held with the European Economic Community, Japan, South Africa and Greece.

3. Delegations which have not yet submitted summary notes are invited to do so without delay.
ANNEX

Summary Report of Discussions between the United Kingdom on behalf of Hong Kong and Certain Countries Maintaining Quantitative Restrictions

The United Kingdom, on behalf of Hong Kong, requested discussion of quantitative restrictions maintained on products of trade interest to Hong Kong by France, the Republic of Ireland, Japan, South Africa and Greece. All the restrictions which were the subject of these requests had previously been notified for inclusion in the Inventory of Non-Tariff Measures.

France

The request related to quantitative restrictions imposed on a range of products by means of separate quotas applied specifically to goods originating in and consigned from Hong Kong. The products affected comprised items of textiles and clothing, processed foodstuffs and other manufactured goods. In four cases the products were not subject to quantitative restrictions except on import from Hong Kong.

Discussion with the delegation of the European Economic Communities started on 23 September 1975. The EEC delegation declined to discuss in the context of the procedures of the Sub-Group "Quantitative Restrictions" restrictions on textile products which were subject to the provisions of the Arrangement Regarding International Trade in Textiles (MFA) and on processed foodstuffs.

The discussion failed to elucidate whether any of the restrictions were maintained in accordance with the General Agreement. It was noted however that no GATT Article had been invoked in justification of their maintenance.

It is of relevance to the discussion to record that the Hong Kong authorities have been informed that import licences will henceforward be issued without quantitative limitation for some of the products to which the quotas apply although without as yet elimination of the quotas; and that it has been established that the products subject to the quotas on processed foodstuffs, with the exception of products classified under one tariff head, have been liberalized by EEC Regulation with effect from 1 October 1975 in respect of import into all Member States.

The EEC delegation indicated economic and social reasons underlying the remaining restrictions on non-textile manufactured products.

The discussion however is not yet concluded.
Ireland

The request related to discriminatory quantitative restrictions maintained against sixteen supplying countries, including Hong Kong, on a range of textile and clothing products. The delegation of the EEC responded. Again, the restrictions have not been discussed in this context in so far as they are applied to products subject to the provisions of the MFA. The discussion remains to be completed in regard to other products.

Japan

The request related to quantitative restrictions maintained on a non-discriminatory basis under the Import Quota System on import of two categories of leather footwear. Discussion took place on 23 October.

It was elucidated that the restrictions were not maintained in accordance with the General Agreement. But the delegation of Japan pointed out that these restrictions had been notified to the Contracting Parties on Japan's accession to the General Agreement.

The delegation of Japan explained the economic and social reasons underlying these restrictions.

South Africa

The request related to:

(a) quantitative restriction maintained by import permit on imports of clothing in accordance with paragraph 4 of the Import and Export Control Act, 1963 (as shown in Addenda to L/3786);

(b) restriction on import of footwear and of transistorized radio receivers under the provisions of paragraph 3(ii) of the Import and Export Control Act 1963, which establishes a non-discriminatory single quota system covering the import of a broad range of products.

Discussions were held from October 1975 to February 1976.

It was elucidated that the restrictions on clothing were not maintained in accordance with the General Agreement. The delegation of South Africa stated that these were temporary restrictions and that it was the intention of their Government, in accordance with their assurance to the Council of GATT in October 1972 (C/M/81), to replace them by a tariff régime as soon as possible. They explained the economic and social reasons for the continued maintenance of the restrictions meanwhile.
The delegation of South Africa stated that the global quota system imposed by paragraph 3 of the Act was maintained as a balance-of-payments surveillance mechanism. It was noted that South Africa had disinvoked Article XII of the General Agreement in July 1972. The delegation of Hong Kong expressed the view that maintenance of the global quota system was consequently not in accordance with the provisions of the General Agreement, particularly of Article XI. The delegation of South Africa said that they would not contest this view but stated that in their view maintenance of the system was justified by the economic situation of South Africa and that the system did not in fact impose any real limitation on imports of particular products. The delegation of Hong Kong were unable to accept this view.

Greece

The request related to:

(a) a discriminatory embargo (except for a small annual quota) on the import from Hong Kong and certain other sources of certain cotton fabrics;

(b) an embargo on the import of certain types of dry battery, applied to imports from all sources except from Member States of the European Economic Community.

Discussions took place from October 1975 to March 1976.

The delegation of Greece explained that the restrictions on cotton fabrics were maintained for balance-of-payments reasons in accordance with the provisions of Article XVIII Section B of the General Agreement and drew attention to the Balance-of-Payments Committee's consultations with Greece. The delegation of Hong Kong expressed the view that, in the absence of specific consent from the Contracting Parties as required by Article XIV paragraph 2 of the General Agreement, the discriminatory application of the restrictions was not in accordance with the General Agreement. They also pointed out that Records of the Balance-of-Payments Committee's consultations with Greece (BOP/R/50 and BOP/R/75) did not refer to any discussion of this discriminatory application.

The delegation of Greece indicated economic and social reasons underlying the maintenance of the restrictions on cotton fabrics.

They stated that the embargo on import of certain dry batteries was maintained in accordance with the provisions of Article XVIII Section C of the General Agreement, as notified to the Contracting Parties in L/3460.
The delegation of Hong Kong drew attention to the provision of Article XVIII paragraph 4(a) that deviations from other provisions of the General Agreement should be maintained only temporarily and to the facts that the restrictions on cotton fabrics had been introduced in 1966 and on dry batteries in 1970. The delegation of Greece said that it was the intention of their Government to remove the restrictions as soon as economic circumstances permitted.