1. This note is issued under the responsibility of the secretariat and is intended to facilitate further discussion in the Preparatory Committee. It seeks to identify, in the light of the discussions recorded in PREP.COM(86)SR/2 and earlier discussions, the main points which would seem to be relevant should a decision be taken to negotiate further liberalization of quantitative restrictions and other non-tariff measures. The note is not intended to be a summary of the discussions. It in no way prejudices the views that delegations may have as to whether and how issues relating to quantitative restrictions and other non-tariff measures might figure in the Preparatory Committee's recommendations to Ministers, nor should the listing of points for further discussion be regarded as exhaustive.

Main points emerging from the discussion

(a) Quantitative restrictions

2. One widely-held view was that the distinction made by Ministers in 1982 between quantitative restrictions which were in conformity with the provisions of the GATT and those that were not, must be maintained and that there could be no negotiation on non-conforming quantitative restrictions. In this regard it was suggested that prior to the negotiations agreement should be reached that no new quantitative restrictions should be introduced that were inconsistent with the GATT, that a time-bound programme should be adopted for the phasing out, or bringing into conformity with the GATT, of quantitative restrictions for which GATT justification could not be established and that this should be done without reciprocity and on an m.f.n. basis. It was also suggested that the Ministers should establish an effective mechanism to supervise the implementation of these standstill and rollback agreements: this surveillance function might be exercised either by a permanent GATT body to succeed the existing Group on Quantitative Restrictions and Other Non-Tariff Measures or by a body which would oversee standstill and rollback commitments as a whole. Under this approach, quantitative restrictions applied consistently with the GATT would be the subject of negotiation whose aim should be the substantial liberalization of these restrictions. It was suggested that special priority should be given to those affecting the exports of developing countries.

3. Another view was that it would be difficult to make progress if an attempt were made to draw legal distinctions, as this approach would raise complicated and difficult questions. Instead a pragmatic approach was suggested, the aim of which would be to remove quantitative restrictions which had a real impact on trade under conditions which were satisfactory for all.
4. It was recalled that a distinction between quantitative restrictions not in conformity with the GATT and other quantitative restrictions was accepted in the work of the Group on Quantitative Restrictions and Other Non-Tariff Measures, and that this Group would hold a multilateral review in October 1986 with a view to achieving progress in eliminating the former and in liberalizing the latter.

(b) Other non-tariff measures

5. It was suggested that other non-tariff measures should be dealt with in the same way as quantitative restrictions.

6. It was noted that NTM Codes would be dealt with separately.

7. It was suggested that, while the subject of other non-tariff measures was important, more work was needed to develop techniques for negotiations in this area and to identify non-tariff measures which merited multilateral attention. It was recalled that the Group on Quantitative Restrictions and Other Non-Tariff Measures would be addressing these questions.

Points for further discussion

8. In the light of the ongoing work in the Group on Quantitative Restrictions and Other Non-Tariff Measures and of discussions in the Preparatory Committee on standstill and rollback, the following appear to be the main questions requiring further discussion in the Committee:

   i. Is there a need to define further objectives with respect to those measures which are not in conformity with the General Agreement?

   ii. What should be the objectives and appropriate treatment for quantitative restrictions which are in conformity with the General Agreement? Should recommendations to Ministers refer to specific negotiating techniques in regard to these measures?

   iii. In regard to other non-tariff measures, should the Preparatory Committee identify any specific areas for multilateral action?