

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

NTM/15

1 May 1986

Limited Distribution

Group on Quantitative Restrictions and Other Non-Tariff Measures

MEETING OF 21 MARCH 1986

Note by the Secretariat

Chairman: Ambassador M. Huslid (Norway)

1. The Group met on 21 March 1986. The following agenda was adopted as proposed in GATT/AIR/2253:

- A. Election of Chairman
- B. Organization of Further Work
- C. Other Business
 - (i) Proposal by the European Communities (NTM/W/12 and Rev.1)
 - (ii) Relaxation of import controls in South Africa
 - (iii) Dates of further meetings.

A. Election of Chairman

2. The representative of the secretariat reminded the Group that Mr. Feij had, owing to other commitments, agreed to chair the Group only to the end of its 1985 mandate. The CONTRACTING PARTIES had extended that mandate for a further year (L/5929) and it was, therefore, necessary to elect a new Chairman. The Group expressed its appreciation to Mr. Feij for having steered it through the work of drawing up its recommendations and 1985 Report.

3. The Group elected Ambassador M. Huslid (Norway) as Chairman.

B. Organization of Further Work

4. The Chairman suggested that the Group examine the secretariat's note "Further Work" (NTM/W/15) point by point in order to clear up any questions, take stock of the present situation and plan further meetings. He hoped that delegations would not feel the need to repeat points of principle made earlier and reflected in the reports of the Group.

5. Several delegations expressed their disappointment at the little progress made so far towards fulfilling the 1982 Ministerial Mandate and one delegation recalled that, for this reason, it had initially opposed the adoption by the CONTRACTING PARTIES of the Group's 1985 Report. They hoped

that this progress would be accelerated in 1986. The work of the Group should proceed independently of that going on in other GATT fora and preparations for the proposed negotiations should not be an excuse to sweep aside the agreement reached by Ministers in 1982. Progress in the Group should be seen as strengthening the GATT itself and as part of a much-needed confidence-building exercise.

(i) Action by contracting parties

(a) Notifications

6. The Chairman recalled that contracting parties should make complete and detailed notifications of the quantitative restrictions which they maintain by the end of April 1986, and that the secretariat had sent to each the relevant extract of the information base for checking and up-dating. He repeated that it was important for the notifications to contain the required details, as set out in paragraph 2 of GATT/AIR/2254. He urged contracting parties to observe the 30 April 1986 deadline, as the secretariat would need time to up-date the quantitative restrictions information base and proceed to the analyses of the data required for the October 1986 multilateral review.

7. He also recalled that the Inventory of Non-Tariff Measures (Industrial Products) (NTM/INV/-) remained open to further notifications at any time under existing procedures. The details to be included in notifications were set out in paragraph 4 of GATT/AIR/2254. Existing notifications should be up-dated and, where necessary, amended to include the required details. No deadline had been set for this up-dating, but he urged contracting parties to undertake it as soon as possible. The secretariat would be able to supply to individual contracting parties, on request, a list of the notifications which concerned them.

8. Several delegations stressed the importance of a comprehensive and detailed information base both for the sake of transparency and for the purpose of surveillance. One delegation drew attention to the relevance of such an information base to the proposal it had made in another GATT body for a time-bound, multilaterally-agreed and binding programme of liberalization of quantitative restrictions and other non-tariff measures, based on self- and reverse notifications and subject to an effective surveillance mechanism. One delegation drew attention to its proposal, made in another GATT body, for the establishment of a new surveillance mechanism including a requirement for an annual quantitative assessment of the trade impact of government policies. It hoped that the Group might support this proposal in view of the similar requirement adopted for notifications to the Group. One delegation foresaw difficulties in making an assessment of trade policies, particularly in the context of freely-fluctuating currencies.

9. One delegation informed the Group that it would shortly be consulting in the Committee on Balance-of-Payments Restrictions, and that the measures it had notified to the GATT were justified under Article XVIII:B.

10. Several delegations expressed concern over the lack of clarity, including in recent notifications by Portugal and Spain, concerning the quantitative restrictions maintained by the European Economic Community and

its member States following the accession of Portugal and Spain. Some feared that the level of discrimination in the application of restrictions would increase.

11. The representative of the European Economic Community drew attention to the question-and-reply procedures already underway in the Working Party on the Enlargement of the European Economic Community. His delegation would be providing a global assessment in that context. He recalled that the gradual enlargement of the European Economic Community had led to increased liberalization. The adjustments in the import régimes of Portugal and Spain were in the direction of liberalization, even if the exercise had brought to light certain existing restrictions which might have escaped attention in the past. The quantitative restrictions maintained by member States had been, or would be, notified as follows: (i) for Portugal, in GATT document L/5949 of 21 January 1986; (ii) for the restrictions on imports from State-trading countries still in force in the Community of ten on the accession of Portugal and Spain, in the Official Journal of the Communities (L364 of 31 December 1985); (iii) for restrictions on imports from other contracting parties by Portugal and Spain, in the Official Journal of the Communities (L56 to be published in April 1986). An up-dated compilation of the restrictions maintained by all twelve member States would be published in the Official Journal in the summer. In the meantime, his delegation would comply, to the extent possible, with the requirement to make a complete notification to the Group by the end of April 1986.

12. Some delegations noted the assurances given by the representative of the European Economic Community to the effect that no quantitative restrictions had been introduced as a consequence of Portugal and Spain's accession. However, they expressed concern over the concept of a "global assessment" of the effects of the enlargement of the European Economic Community and its possible implications for the work of the Group. One delegation noted that the publication of restrictions in the Official Journal of the Community was not in itself sufficient to comply with obligations in GATT.

13. The Group took note of the statements made.

(b) Written proposals

14. The Chairman recalled that by the end of April 1986 all contracting parties should make written proposals directed towards achieving progress in the elimination of quantitative restrictions which are not in conformity with the General Agreement or their being brought into conformity with the General Agreement and in liberalizing other quantitative restrictions and non-tariff measures. The proposals made in the context of the Group's work in 1985 had been distributed as NTM/W/12 and Addenda. A revision of one of these proposals was recently issued as NTM/W/12/Rev.1. Proposals were of two sorts: liberalization to be undertaken by the government making the proposal, and suggested action to be taken by other governments. There was an evident link with the discussion on standstill and rollback taking place elsewhere in the GATT and delegations would no doubt wish to bear this discussion in mind when drawing up their proposals.

15. One delegation recalled that, in the course of the multilateral review of 1985 written proposals, it had been suggested that contracting parties making the proposals should also undertake an evaluation of their trade effects, both in overall terms and in terms of trade of developing countries. As this had not been done, it suggested that the secretariat undertake such evaluations. Several delegations supported this suggestion, while remaining aware of the inherent difficulties and shortcomings. One delegation expressed disappointment that there had not been a better response from other contracting parties in 1985 to the invitation to make written proposals. Some delegations, however, cautioned against drawing conclusions merely from the presence or absence of a written proposal or from its size.

16. One delegation reported that it had submitted to the secretariat a new notification for inclusion in the Inventory of Non-Tariff Measures (to be included in NTM/INV/I-V/Add.11). It hoped that the measure would be addressed in the maintaining country's written proposal so that it would not need to revert to the matter at a future meeting of the Group.

17. The Group took note of the statements made.

(ii) Action by the secretariat

18. The representative of the secretariat reported that the secretariat would put together a revision of the basic quantitative restrictions documentation (NTM/W/6/Rev.3) after the notifications had been received. Amendments and new notifications to the Inventory of Non-Tariff Measures (Industrial Products) would be issued as and when appropriate. On the basis of the revised data it would prepare up-dated analyses of the kinds done in 1984 and 1985 (NTM/W/9 and NTM/W/13). He underlined the fact that the analyses depended on the quality of the information supplied by contracting parties, and recalled that notifications should include, to the extent possible, an assessment of trade effects and an indication of progress made in fulfilling the 1982 Ministerial Mandate. The secretariat would shortly be consulting with delegations with a view to identifying, as requested, (i) further product sectors of particular export interest to developing countries, and (ii) other non-tariff measures of particular interest to these countries.

19. The secretariat would try to make an assessment of the changes notified, as it had done in 1985. It would be helped in this by the storage, in the information base, of the dates on which changes had been implemented. Quantification of the effects of the changes remained problematical, partly due to the quality of the basic information.

20. The secretariat would, as agreed, prepare tables which gave a clearer overall picture on a country-by-country basis. In the initial stages, two sets of notifications would be combined with the information on quantitative restrictions: the notifications to the Committee on Trade in Agriculture (AG/FOR/- series) and the Inventory of Non-Tariff Measures (Industrial Products) (NTM/INV/I-V and Addenda). The aim was to include the tables in the analyses for the multilateral review. The Non-Tariff Measures Division would code the data in the Inventory of Non-Tariff Measures. Its task would be greatly simplified by receiving up-dated and

detailed notifications as soon as possible. The Agriculture Division would code the agricultural data.

21. The representative of the secretariat concluded by saying that all the work would, of course, be done to the extent that existing resources permitted.

22. In answer to a question by one delegation concerning the notification of "voluntary" export restraints, he noted that none had so far been notified to the Group. Work in the GATT on this question had been done mainly in the context of the discussions on safeguards.

(iii) Multilateral reviews

23. The Chairman recalled that, in October, the Group would need to carry out two reviews: of the accuracy and adequacy of the documentation, including the grounds and GATT-conformity of the measures; and of progress made in fulfilling the mandate laid down by Ministers in 1982.

24. He also recalled that the Group should address two further recommendations adopted in its 1985 Report (L/5888, paragraph 52): drawing up bilateral request-and-offer procedures, subject to multilateral surveillance, that could be used to eliminate or liberalize non-tariff measures; and identifying areas in the Inventory of Non-Tariff Measures (Industrial Products) that might warrant multilateral action. A note circulated last year by the secretariat (NTM/W/13, Annex D) could provide a basis for discussions in the Group. The need for this work to be done had been stated in another GATT forum and it might seem appropriate for the Group to examine these questions as soon as it could usefully do so.

25. He suggested that the Group might hold a meeting in June to discuss organization of the reviews and the two questions relating to other non-tariff measures: bilateral request-and-offer procedures, and areas warranting multilateral action. The Group might also wish then to have a preliminary discussion on holding further multilateral reviews of progress made in fulfilling the mandate, as a decision would have to be taken in the light of experience gained in the October 1986 review (L/5888, paragraph 47). He recalled that reviews of the accuracy and adequacy of the documentation and the grounds and GATT conformity of measures would take place at two-yearly intervals (L/5888, paragraph 12).

26. Some delegations recalled that little progress had been made towards the implementation of the 1982 Ministerial mandate and that no final decision had been taken on a new round of multilateral trade negotiations. In view of this they could not agree to the Group being used to facilitate the preparatory work for a possible new round of negotiations. Other delegations felt that a more pragmatic approach should be adopted. The normal work of the GATT, including work on quantitative restrictions and other non-tariff measures, could not be allowed to come to a halt pending a decision on a new round of negotiations.

27. One delegation stressed that, in view of the commitments to trade liberalization in the Ministerial mandate, it attached great importance to the review being as extensive and comprehensive as possible.

28. The Group agreed to hold a meeting in June to (i) take stock of the notifications and written proposals made; (ii) plan the multilateral reviews to be held in October 1986; (iii) address other tasks within the Group's mandate. The Chairman stated that it was his understanding that the Group would pursue its work strictly within its mandate and the recommendations of its 1984 and 1985 Reports (L/5713 and L/5888).

C. Other Business

(i) Proposal by the European Communities (NTM/W/12 and Rev.1)

29. Some delegations reiterated their concern over the discriminatory element introduced by the European Economic Community's original liberalization proposal. Two of these delegations noted that, of the four member States concerned, the Federal Republic of Germany and Ireland had since rectified the situation, while France and Italy still had only partly done so. They therefore requested the Community and the two member States concerned to complete the process with regard to the remaining measures which were inconsistent with the mandate of the Group, the decision of the 1982 Ministerial meeting and the basic rules of GATT. One delegation reserved its right to revert to the matter at a later stage.

30. The representative of the European Economic Community took note of the comments made. He stressed that its revised proposal was already the result of a considerable effort within the Community.

31. One delegation noted that a member State of the European Economic Community continued to maintain a restriction which the CONTRACTING PARTIES had, following a Panel report, pronounced inconsistent with the GATT. It might therefore revert to the matter in the appropriate GATT forum.

32. The Group took note of the statements made.

(ii) Relaxation of import controls in South Africa

33. The representative of South Africa recalled that, on 1 July 1985, his authorities had liberalized 2,400 items in the face of difficult economic conditions (NTM/W/6/Rev.2/Add.3). He reported that a further 339 items had since been liberalized, of which 335 were in the iron and steel sector, CCCN chapter 73. The remaining items were items of apparel and chemical products. A detailed list would shortly be notified to the secretariat. He noted that chapter 73 had been identified as of particular export interest to developing countries. The action by his authorities represented a significant contribution towards the fulfilment of the 1982 Ministerial Mandate and he hoped that other contracting parties would take similar action.

34. The Group took note of the statement made.

(iii) Dates of further meetings

35. The Group agreed to hold its next meeting on 20 June 1986 (see paragraph 27 above).

36. It also agreed to set aside 7-9 October 1986 to carry out the multilateral reviews, and 23-24 October 1986 for consideration and adoption of its report to the CONTRACTING PARTIES.