

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

NTM/17

27 November 1986

Limited Distribution

Group on Quantitative Restrictions and Other Non-Tariff Measures

MEETINGS OF 1, 24 AND 27 OCTOBER 1986

Note by the Secretariat

Chairman: Ambassador M. Huslid (Norway)

1. The Group met on 1 October 1986 to carry out the multilateral reviews which it had to conduct in accordance with the recommendations adopted by the CONTRACTING PARTIES (L/5713 and L/5888). The meeting's agenda, contained in GATT/AIR/2310, was as follows:

- A. Review of the accuracy and adequacy of the documentation and of the grounds on which measures are maintained and their conformity with the General Agreement.
- B. Review with a view to 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.

At a resumed meeting on 24 and 27 October 1986 it also considered and adopted its report to the CONTRACTING PARTIES. The Group noted that its report would be distributed as an L/--- document (L/6073) for presentation to the Council meeting scheduled for 5-6 November 1986.

2. The paragraphs which follow record points made at the meeting which were not covered in the Group's report.

3. The Chairman informed the Group that a notification¹ had been received from South Africa according to which 173 subitems had been removed from import control measures on 1 August 1986.

4. The representative of Canada said that his delegation had notified to the GATT a new import monitoring system for carbon steel products which had become effective on 1 September 1986 (L/6001/Add.1). Because import permits would be issued automatically upon proper application, this system did not constitute a quantitative restriction.

5. The representative of Korea informed the Group that Japan had been maintaining quantitative restrictions on Korean exports of silk yarn and fabrics since 1976. These restrictions, which took the form of a voluntary export restraint arrangement, were not consistent with the General Agreement and had to be lifted. The representative of Japan replied that he had no

¹Subsequently issued in L/5640/Add.17/Rev.2.

information on the issue just raised by the representative of Korea and that he was therefore unable to respond to his comments which would be transmitted to the Japanese authorities.

6. With respect to the country note concerning the EC in NTM/W/6/Rev.3/Add.1, the delegation of Hungary said that this referred to "state-trading countries members of GATT" whereas such a notion had no legal basis in the GATT and would therefore not serve as a justification for the separate import régime maintained by the Communities vis-à-vis Hungary. Moreover, the Protocol of Accession of Hungary to the GATT, which the Communities had used as justification for the maintenance of discriminatory quantitative restrictions, required the Communities to abolish these restrictions which were inconsistent with Article XIII of the General Agreement. This delegation agreed with the view expressed by the Communities in the country note that the accession of Spain and Portugal had involved an increase in applicable restrictions. In reality, the accession of Spain resulted in the introduction of discriminatory quantitative restrictions on Hungarian exports. Before accession to the Communities, Spain had not maintained discriminatory quantitative restrictions towards its country and since Article XXIV did not release it of its obligations under Article XIII, such a development was contrary to Spain's and the EEC's GATT obligations. The delegation of the European Communities replied that in their view their import régime conformed with the provisions of Hungary's Protocol of Accession to the GATT and was therefore not inconsistent with the Communities' GATT obligations. It could not agree with the view that the accession of Spain and Portugal to the Communities had led to an increase in quantitative restrictions or in the intensity of such restrictions. The Communities were satisfied that, as Article XXIV provided, there had been no increase in the general incidence of restrictions on the trade of third parties as a result of the Communities' enlargement.

7. The representative of Japan also expressed his great concern at the discriminatory quantitative restrictions maintained by the European Communities and requested their immediate elimination.

8. With reference to paragraph 21 of the report (L/6073), the representative of Hong Kong said the first part of the paragraph was an incomplete summary of the discussions which had taken place in the Group in 1984 as reflected in paragraphs 22-25 of its report L/5713. In particular, it failed to note the specific working hypotheses that had been proposed in these discussions. However, other delegations said that the summary contained in paragraph 21 was balanced and that since it contained a reference to the relevant paragraphs of L/5713, a more detailed account of the discussion would not be necessary. It was therefore agreed not to modify the text of paragraph 21.

¹The relevant portion of the country note is as follows:

"As regards Spain and Portugal, it should be noted that their accession to the Community involves an increase, in absolute figures, in the number of applicable restrictions. Nevertheless, their accession has brought about, with immediate effect, a substantial reduction in the number of restrictions which were in force in those countries, and many remaining restrictions are to be eliminated at the end of the transitional period."

9. With reference to paragraph 29 of the report, the representative of the United States said that, at the recent meeting of the Committee on Tariff Concessions, members had stressed the need to begin planning for the data needs of the new round of multilateral trade negotiations. In this context, the Chairman of the Committee had stressed the importance of attempting to integrate information currently available only separately for tariffs and quantitative restrictions and other non-tariff measures. The rationale for the proposal was that such an integrated data base would present a more complete picture of the trade situation by product groupings and by countries. This would constitute a useful negotiating tool for all participants in the new round. The integration of existing data bases would improve their utility by making available more comprehensive information. It would still be possible to select components of the data files of particular interest to any given user. The GATT tariff files were currently being modified as a number of contracting parties prepared to adopt the Harmonized System. This major change provided a timely opportunity to plan other improvements in the data bases maintained by the secretariat.