

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(74)15
31 May 1974

Multilateral Trade Negotiations

GROUP 3(b) - QUANTITATIVE RESTRICTIONS, INCLUDING IMPORT PROHIBITIONS AND EXPORT RESTRICTIONS

Note by the Secretariat on Meeting of May 1974

DRAFT

1. The Group met on 28 May 1974. Its task was to continue the study already begun on quantitative restrictions, including import prohibitions and export restrictions (Chapters 25-99 BTN).

Quantitative restrictions, including import prohibitions

2. Some delegations reiterated their view that it would be difficult to take the examination of the two proposals set out in Spec(73)17 any further without entering into the negotiations proper.

3. Some delegations recalled that, while being prepared to continue work on the proposals contained in Spec(73)17, they felt that export restraints and some quantitative import restrictions of a safeguarding nature should be discussed in the context of safeguards. They were prepared to activate Group 3(d) and begin the discussion of this item in that forum.

4. The Group had before it a note by the secretariat entitled "Information regarding Import Restrictions on Products of Interest to Developing Countries" (COM.TD/W/203, Rev.1; see also MTN/3B/16). The Group agreed that this information was of great interest and should therefore be kept up to date on a continuous basis.

5. Some delegations said that the information contained in COM.TD/W/203, Rev.1 revealed that, apart from agricultural products - which fell outside the competence of the Group - and products covered by the Arrangement regarding International Trade in Textiles, there remained very few quantitative restrictions on products of interest to developing countries. Some delegations asked why, under these circumstances, it was so difficult to eliminate the few remaining restrictions. They said that, at least for products which were covered by the Generalized System of Preferences, remaining quantitative restrictions should be abolished.

6. The Group also had before it a note by the secretariat containing a synthesis of suggestions for extending differential treatment to developing countries in the field of quantitative restrictions (MTN/3B/15). One delegation from a developing country, supported by many other delegations from developing countries as a result of their informal consultations, made a proposal, reproduced in the annex to this note, concerning a standstill on quantitative restrictions and an agreed action programme for further liberalization in this field. Another delegation from a developing country, while in support of the proposal mentioned above, made reference to a more detailed proposal which it had made in the Committee on Trade and Development (COM.TD/W/188).

7. Some delegations expressed the view that the area of quantitative import restrictions was one in which differential treatment in favour of developing countries was feasible and appropriate. Some delegations said that they could agree to special consideration being given to developing countries, but on a most-favoured-nation basis; this meant in practice that import restrictions for products of interest to developing countries should be abolished with priority. These delegations also said that they could agree to the proposals contained in paragraph 3(c) of the Annex, and in paragraph 12 of MTN/3B/15.

8. The Group requested the secretariat to examine the technical feasibility of implementing the proposals which were made by developing countries for differential treatment to developing countries in the field of quantitative restrictions, including a description of the experience gained in the past with preferential treatment in liberalization of quantitative restrictions among countries.

Export restrictions

9. The Group had before it a technical note by the secretariat entitled "GATT and Export Restrictions" (MTN/3B/9). Some delegations said that the mandate of the Group did not cover the area of export restrictions, but was limited to export restraints imposed at the request of importing countries. In the view of these delegations, it was for the Trade Negotiations Committee to decide when and where the subject of export restrictions was to be taken up. It had therefore been premature to issue a technical note on this subject. Some delegations pointed out that the Group, under task 8 of the Programme of Work (MTN/2), was clearly competent to discuss export restrictions, and that the technical note had been most useful for their consideration of the problem.

10. Some delegations stated that the technical note was biased against raw material producing countries, that it failed to distinguish between renewable and non-renewable resources, and that it did not make sufficiently clear the relationship between import and export restrictions. Some delegations took the position that the technical note suggested possibilities for negotiations on a reciprocal basis, and could therefore not be said to be biased against any group of countries. These latter delegations commented favourably on the historical, economic and legal analysis of the problem of access to supplies.

11. Some delegations said that the problem of export restrictions was not the most serious one to be taken up in the negotiations. They considered other issues, for example the tariff escalation for semi-processed and processed goods, to be of greater importance. Some other delegations pointed out that the problem of export restrictions was an urgent one for all countries, especially in view of the fact that more and more countries resorted to measures of this kind.

12. Some delegations expressed the view that the technical note gave no consideration to the special problems of developing countries. These countries were most seriously affected by the current rise in raw material prices, and had no alternative but to increase exports so as to be able to meet the rising cost of imports. For these reasons, access to markets continued to be the problem for which they were seeking solutions in the MTN. These delegations stressed that they were not prepared to exchange commitments on access to supplies against commitments on access to markets.

13. Some delegations proposed that data on existing export restrictions should be collected in order to obtain the basic information for any further discussion. Some other delegations said that it was necessary to await the decision of the TNC on when and where to discuss export restrictions before such data collection could go forward.

14. The Group agreed to refer to the TNC the question of its mandate concerning export restrictions designed to limit foreign access to supplies. In the meantime, countries wishing to notify specific export restrictions would do so by requesting the secretariat to include them in the Inventory of Non-Tariff Measures. The secretariat would compile these notifications, and the ones already included in the Inventory, in a technical note for consideration by the TNC at its next meeting.

ANNEX

Statement Referred to in Paragraph 6

Standstill

1. The principle of standstill concerning quantitative restrictions should be strictly adhered to. In no event should new quantitative restrictions including embargoes and export restraints or any other trade inhibiting measures such as safeguards be introduced nor existing restrictions be intensified to the disadvantage of developing countries. In case developed contracting parties apply quantitative restrictions on imports as defined in Article XI:1 of GATT, consistently with Articles XI, XII and XIX of the General Agreement, they shall as a rule exempt from those restrictions all products of export interest to developing countries. The removal of quantitative restrictions should not result in the adoption of other restrictive measures such as variable levies etc.

Agreed action programme

2. An agreed action programme should be drawn up containing a list of products or product groups of export interest to developing countries, including agricultural products, subject to quantitative restrictions including embargoes and export restraints which will be included in the trade negotiations.

3. Such an agreed programme should provide for the liberalization of quantitative restrictions including embargoes and export restraints and should consist of the following elements:

- (a) the immediate removal of all quantitative restrictions including embargoes and export restraints on all products of export interest to the developing countries (including all products covered by Generalized System of Preferences inasmuch as the import of such products is adversely affected by these restrictions) on a preferential and non-reciprocity basis;

- (b) in certain exceptional cases where such immediate removal is not possible the programme of liberalization might proceed at a slower pace. In the case of such exceptions, which must be kept to a minimum, representing not more than an agreed minimum percentage of the total exports of developing countries, negotiations should be held with interested developing countries concerning the timing as well as the modalities for the phasing out of quantitative restrictions including embargoes and export restraints;
- (c) pending the final removal of the quantitative restrictions including embargoes and export restraints, the following transitional steps should be taken by the developed countries concerned in cases referred to in (b) above:
 - (i) indication of a definitive time period for the phasing out of the remaining restrictions;
 - (ii) progressive enlargement of quotas in favour of developing countries, either automatically (by a fixed amount or percentage increases) or in relation to the growth of the market so as to ensure a gradual increase in the market share of the developing countries;
 - (iii) adoption of measures to ensure the full utilization of quotas and the carry-over of unused portions of quotas to the succeeding quota period;
 - (iv) removal of all discriminatory aspects of remaining quantitative restrictions affecting developing countries such as discriminatory country classifications;
 - (v) adoption of measures to improve and liberalize the administration and operation of quantitative restrictions including licensing schemes.