

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
Spec(82)37
22 April 1982

PROGRAMME OF CONSULTATIONS ON TRADE LIBERALIZATION

QUANTITATIVE RESTRICTIONS AND OTHER NON-TARIFF MEASURES AFFECTING THE TRADE OF DEVELOPING COUNTRIES

Informal record prepared by the secretariat

1. In the context of the Programme of Consultations on Trade Liberalization, the consultation on quantitative restrictions and other non-tariff measures affecting the trade of developing countries was held on 22 and 23 March 1982, under the chairmanship of H.E. Mr. F. Jaramillo (Colombia).
2. The consultation was carried out on the basis of secretariat document COM.TD/W/338/Rev.1, containing information on the commercial policy measures being applied and some relevant statistical data in regard to products of export interest to developing countries subject to quantitative and other import restrictions in the markets of developed countries.

General observations

3. Delegations of a number of developing countries recalled various decisions or declarations of the CONTRACTING PARTIES at various times in the past, at various levels, in regard to the progressive liberalization or elimination of quantitative restrictions affecting the exports of developing countries, including the Ministerial Declaration of December 1961, Ministerial Conclusions of May 1963, and commitments in Part IV of the General Agreement. They expressed concern that efforts made to this

end in the past, including in the Tokyo Round Multilateral Trade Negotiations, had achieved limited results, and exports from developing countries continued to be faced with quantitative and other import restrictions. Some of them particularly recalled proposals for the progressive elimination of quantitative restrictions made by Australia in the course of the Tokyo Round Negotiations and regretted that no progress was achieved during the negotiations on the basis of these proposals. They expressed the hope that the present work programme on trade liberalization would be pursued and lead to concrete results, both in regard to discriminatory and non-discriminatory restrictions, as well as to legal and illegal measures.

4. Delegations from some developing countries observed that the problem of quantitative and other import restrictions had two aspects: firstly, there were restrictions or measures which were justified under protocols of accessions or various provisions of the General Agreement, and therefore justifiable under GATT provisions, and secondly, restrictions or measures which were not consistent with the provisions of the General Agreement. Any approach to the question of liberalization of these restrictions necessarily had to take these two aspects into account. In their view, restrictions which were not based on provisions of the General Agreement, should be eliminated or phased out within a time-frame to be agreed upon. On the other hand, restrictive measures adopted under GATT provisions should be the object of examination and justification, and progressively liberalized in accordance with procedures to be determined.

5. Delegations of some developing countries observed that quantitative import restrictions not only obstructed trade flows directly, but also exercised a general dampening effect on investment and trade. The

continued existence of illegal restrictions, in their view, also eroded the credibility of and confidence in the rules of the multilateral trading system.

6. Delegations of some developing countries noted with concern that the largest concentration of quantitative and other import restrictions in the markets of developed countries continued to be in the area of agriculture, which was of crucial importance to a large number of developing countries.

7. The representative of a group of developed countries stated that problems in the area of quantitative restrictions were much too complex and difficult to readily lend themselves to treatment on the basis of what they considered to be an artificial legal distinction. Past experience had shown that proposals made on the basic distinction between legal and illegal restrictions had not led to positive or concrete results; proposals in regard to across-the-board elimination of quantitative restrictions also had always failed to accomplish positive results. This representative suggested that there would be a greater possibility of progress if the consultations could be pursued on the basis of concrete proposals in regard to specific cases. He recalled that in the course of the Tokyo Round Multilateral Trade Negotiations, significant progress had been achieved, and efforts to further liberalize import restrictions continued to be pursued. He further stated that the countries he represented were approaching the present exercise with an open mind and were prepared to consider all concrete proposals.

Identification and analysis of the problems

8. An examination of a number of specific cases of quantitative restrictions and other non-tariff measures, considered particularly important from the point of view of one or more developing countries, was carried out. In many cases the consultations were based upon notifications by certain developing countries presented in advance to developed countries in order to study possible elimination or liberalization of measures applied. These are listed in Annex I.

Agricultural products (Chapters 1-24)

9. In reply to the question of the representative of Chile on discretionary licensing on live horses (CCCN 01.01A), the representative of Austria explained that most of the imports originated in traditional markets, e.g. the EEC and Eastern European countries; importers were free to choose according to the price and quality.
10. Regarding global quotas applied to positions (CCCN 02.01 and 02.06, (meat and edible offal) the representative of Switzerland referred to the last meeting of the Working Party on Paragraph 4 of the Protocol for the Accession of Switzerland to the General Agreement held in February 1982. Paragraph 4 of the Protocol of the Accession granted a waiver from Article XI of the General Agreement in respect of some agricultural products.
11. The representative of India mentioned strict health and sanitary requirements maintained by Switzerland, the EEC, Japan and the USA on imports of shrimps and prawns (CCCN 03.03). The representative of the United States said that health and sanitary regulations were not discriminatory as they were applied both to domestic as well as to imported products. The representative of Switzerland informed that veterinary inspection fees were reduced as of 1 January 1982 to Sw F 4.0 per 100kgs.

12. The representative of Canada mentioned that according to his knowledge, dairy products (CCCN 04.02) were subject only to discretionary licensing; global quotas and discretionary licensing were applied to imports of cheese (CCCN 04.04). Additional information would be provided.

13. The representative of the European Communities said that since the compilation of the COM.TD/W/338/Rev.1, some restrictions on agricultural products listed in that document had been eliminated or liberalized. (See COM.TD/W/338/Rev.1/Corr.1).

14. Responding to the question on the maintenance of quantitative restrictions on honey (CCCN 04.06), the representative of France pointed to the unfavourable social conditions of regions producing honey. Imports from Eastern European countries were subject to bilateral quotas, imports from countries belonging to the Zone II were under the global quota, while imports from the OECD countries were free. Some developing exporting countries expressed their concern about the discriminatory character of this measure and requested more favourable treatment, e.g. inclusion under the GSP. Reference was also made to the greater predictability and transparency in announcement of the opening of quotas.

15. In respect to the request made by Chile for liberalization of import restrictions applied to vegetables, fresh and chilled (CCCN 07.01) maintained by Austria, Finland and Norway, the representatives of these countries referred to considerable domestic production of these products as well as to less favourable climatic and geographic conditions which made it necessary to protect local producers. Information was also provided on the system of price limits practiced by Norway in respect of some agricultural products.

16. Several developing countries requested clarification, also in legal terms, for the maintenance of non-tariff measures by some developed countries on products under Chapter 08 (edible fruit). Developed countries concerned stated that there was a large production of these items in their countries. According to their view, seasonal restrictions covering the period of local production did not create any obstacle to imports of fruits originating in countries having different harvest seasons.

17. Additional information regarding global quotas on imports of maize (CCCN 10.05) applied by Switzerland, and discretionary licensing on imports of barley (CCCN 10.03) applied by Canada, was requested.

18. Responding to a request by the representative of Indonesia on the possible reduction of the tariff rate applied to the position CCCN 12.08.400 (tubers of konnyaku), the representative of Japan mentioned that this issue had been pending for some time, since tubers of konnyaku were the main cash crop in certain mountainous areas.

19. In response to the notification made by the delegation of Chile on the CCCN 17.03/15520 (molasses, inedible), the representative of the United States said that the domestic support programme on sugar and sugar products under the Agricultural Adjustment Act was presented to the GATT for annual review under the Article XXV waiver. She also provided an explanation regarding the exclusion of the Philippines from the US GSP Scheme on this item.

20. Some developing exporting countries enquired about the possibility of liberalization of restrictions maintained by some developed countries on imports of fruit juices (CCCN 20.07).

21. Clarification was asked on the functioning of the system of global quotas applied by Austria to imports of wine (CCCN 22.05). The representative of Austria referred to the existing large over-production of wine and to traditional relations with some European suppliers. The delegations of Norway, Sweden and Finland said that State trading in wine and spirits was operated in accordance with the provisions set out in the Article XVII of the General Agreement.

22. The representative of Norway stated that Norway applied State trading to feeding stuff (CCCN 23.01.400), as notified under Article XVII of the General Agreement. He added that the purchasing policy of the State Grain Corporation was guided by commercial considerations.

INDUSTRIAL PRODUCTS
(Chapters 25-99)

23. In response to a question on liberal licensing applied to positions CCCN 29.44 and CCCN 30.03, the representative of Switzerland explained that imports of antibiotics (CCCN 29.44) were subject to obligatory stocking. Imports of some medicaments including antibiotics and human Gammaglobulin were subject to sanitary control. These measures had no restrictive effect.

24. The representative of Japan, referring to special social conditions of the Japanese tanning and footwear industry, proposed bilateral consultations with Pakistan in respect of discretionary licensing applied to positions CCCN 41.02 and CCCN 41.03 (bovine, equine sheep and lamb leather).

25. The representative of Pakistan requested detailed information on voluntary restraint agreements with relation to exports of handbags (CCCN 42.02) by developing countries to Canada.

26. Regarding tariff position 42.03 (articles of apparel and clothing accessories of leather or of composition leather), the representative of Norway said that licensing applied to this item was liberal and all licences were granted.

27. In reply to several questions on the licensing system maintained on imports of textiles to Norway and its consistency with the provisions of the General Agreement, the representative of Norway stated that global quotas introduced on some textile products had been notified under Article XIX of the General Agreement. The last notification was sent in September 1981 and a new one was being prepared. Pointing out that Norway was not a member of the present Multifibre Arrangement, he mentioned that the listing of restrictions in document COM.TD/338/Rev.1 did not give a complete picture of restrictions in world trade in textiles. He expressed the intention of his Government to accede to the Multifibre Arrangement as extended by the Protocol of December 1981, provided that satisfactory bilateral agreements could be completed. Negotiations would start in the second half of 1982.

28. In response to the request by the representative of Pakistan for more favourable treatment to imports of special varieties of cotton (CCCN 55.01) produced by Pakistan, the representative of the United States indicated that she would seek further details and return to this matter bilaterally.

29. The representative of Pakistan requested clarification as to why New Zealand maintained quantitative restrictions on imports of carpets (CCCN 58.00).

30. The representative of Hong Kong requested the secretariat to insert, for the record, several tariff positions not mentioned in the document COM.TD/338/Rev.1 which were subject to bilateral restrictions maintained by France and other member States of the EEC. He informed that Hong Kong had

been conducting bilateral consultations in this respect with the EEC Communities under Article XXIII of the General Agreement. (See COM.TD/W/338/Rev.1/Add.1.)

31. The representatives of the Philippines and Hong Kong asked whether global quotas applied by Australia to the tariff heading 61.09 (corsets, corset belts, suspender belts, brassieres, braces, suspenders, garters and the like, whether or not elastic) were notified under the Article XIX.

32. Several developing countries expressed their concern with respect to non-tariff measures applied to imports of footwear (CCCN 64.01 and 64.02) by some developed countries. The representative of the European Communities informed that the decision on the system of surveillance on footwear was published in the Official Journal L/188 of July 1978 and L/369 of December 1981. The representative of Norway said that licensing on footwear was liberal, and applied only to some countries, as indicated. The representative of Japan gave an explanation of the historical and social background of Japanese footwear industries which consisted mainly of small-size companies with low competitiveness. He indicated that nevertheless his delegation was ready to enter into bilateral consultations.

33. Clarification was requested regarding the maintenance of quantitative restrictions on positions CCCN 69.11, 12, 13 and 14 (tableware and other articles of a kind commonly used for domestic or toilet purposes) by New Zealand, and CCCN 69.11, 85.01 (electrical goods of the following descriptions: generators, motors, converters, transformers, rectifiers and rectifying apparatus, inductors), and 85.23 (insulated electric wire, cable, bars, strip and the like) applied by Greece. The representative of the European Communities referred to discussions in the context of the Working Party on Accession of Greece to the European Communities.

34. While stating that the quota for imports of pig iron into France (CCCN 73.01) doubled in 1981, the representative of the European Communities said that he would provide more detailed information on this matter.

Possibilities for future progress

35. Delegations of a number of developing countries considered that delegations of some developed countries had not offered justification for the grounds, including those relating to the legal basis, for the maintenance of a number of restrictions. They also regretted the absence of some developed countries from the consultation. The delegations of certain developed countries outlined the substantial efforts already made as regards the elimination of certain import restrictions, in areas where special economic and social factors applied. The delegations of a number of developing countries welcomed the efforts of some developed countries as regards the elimination of import restrictions, but considered these to be clearly insufficient in the light of the former countries' pressing economic and social problems.

36. The delegations of a number of developing countries considering the present exercise useful, expressed the need for the development of a work programme in this area, and proposed that procedures be established for further work with a view to seeking further trade liberalization.

37. A number of proposals on different modalities for a comprehensive approach towards the reduction or elimination of quantitative restriction- were made. Some developed countries declared that while they had taken note of these proposals, they were unable, at this stage, to support them.

38. A number of developing country delegations recalled the proposal of the Australian delegation, presented in the course of the Tokyo Round,¹ for a general framework in which quantitative import restrictions would be removed on a programmed basis. The framework envisaged joint action by all participants and include the following elements:

¹COM.TD/W/338/Rev.1

(i) standstill on new quantitative restrictions not justifiable under the General Agreement; (ii) all QR's not permitted under GATT would be phased-out on a programmed basis by a specific date, with priority being given to restrictions affecting developing country exports; (iii) exceptions to (ii) would be discussed among interested participants with a view to drawing-up a phasing-out programme; (iv) where compliance with (ii) and (iii) is being exercised, contracting parties whose rights under the GATT were being nullified or impaired as a result of QR's not justified under GATT exception clauses would undertake not to exercise their GATT rights in this regard; (v) the phasing-out programme would be included in appropriate GATT schedules; (vi) QR's justified under GATT exceptions would be catalogued and published and provision made for regular reporting and consultation; (vii) any QR not covered by (ii) and (iii) above would also be catalogued and published; and (viii) QR's would be subject to agreed rules relating to their administration.

39. Many delegations expressed support for a proposal made by Turkey for the establishment of a work programme covering the following points:

1. Elimination of all quantitative restrictions inconsistent with the provisions of the General Agreement.
2. Indication of a time-frame for the phasing-out of remaining restrictions, priority being given to restrictions affecting exports of developing countries.
3. Standstill on new tariff and non-tariff barriers against exports of developing countries.

4. Until and during the phasing-out of the remaining restrictions, action should be taken with regard to the following:

- (a) Progressive enlargement of quotas in favour of developing countries.
- (b) Adoption of measures to ensure the full utilization of quotas.
- (c) Removal of discriminatory aspects of quantitative restrictions.

40. The representative of India suggested that firstly, restrictions which were not consistent with the provisions of the General Agreement should be eliminated or phased-out within a time-frame to be agreed upon. Secondly, restrictive measures adopted under GATT provisions should be the object of examination and justification, and progressively liberalized in accordance with procedures to be determined.

ANNEX I

Country applying restriction	CCCN sub-heading or national tariff heading	Product description	Type of measure
(1)	(2)	(3)	(4)
<u>Agricultural products (Chapter 1-24)</u>			
Austria	01.01 A	Live horses	DL
Switzerland	02.01, 02.06	Meat and edible offal of animals falling within heading 01.01, 01.02, 01.03, 01.04	GQ,R
EEC, Japan, Switzerland and USA	ex 03.03	Shrimps	HS
Canada	04.02	Milk and cream, preserved, concentrated or sweetened	DL
France	04.06	Natural honey	QR
Norway	04.06	Natural honey	DL
Austria	07.01 C-0	Other vegetables, fresh or refrigerated	SR,DL
Finland	07.01 309	Onions and shallots, fresh or chilled	DL,SR
Norway	07.01 210 to 999 except 991,992 610,690,907,908, 751,752	Other vegetables, fresh or chilled	DL,SR,MP
Czechoslovakia	08.02	Citrus fruit, fresh or dried	ST
Finland	08.02 105,408	Citrus fruit, fresh or chilled	GQ,SR
Poland	08.02	Citrus fruit, fresh or dried	ST
Austria	08.04 Ala)b)	Fresh table grapes	SR
Belgium	08.04 exAII	Grapes, fresh or dried	SR
France	08.04 exAI	Grapes, fresh or dried	SR
Austria	08.06 A1,2,3,4 B1,2a)b)B3	Apples Pears	DL SR
Finland	08.06 103/108 206	Apples (excl. pulp), fresh Pears, fresh, customs cleared August to 30 November	GQ,SR GQ
Norway	08.06 101/102/103 201/202/203	Apples, fresh Pears, fresh	DL,SR,MP DL,SR,MP
Sweden	08.06 101 ex201	Fresh apples from 16 July to 29 February Pears, fresh from 16 July to 31 December	QR,SR,L QR,SR,L

(1)	(2)	(3)	(4)
Austria	08.07 B1,2,3,4 C1,2,3,4 E1,2,3,4	Peaches Cherries Plums	SR SR SR
Poland	09.10	Bay leaves	ST
Canada	10.03 5200-1	Barley	DL
Austria	10.05 A,B,C	Maize	DL,ST
Switzerland	10.05 01	Maize	R,GQ
Switzerland	16.02 26	Corned beef, in hermetically sealed containers	GQ
USA	17.03 15540	Molasses, inedible	GQ
Switzerland	20.02 30,311	Other vegetables	GQ,R
Finland	20.07 303/308 803/804 807/808	Orange juice Concentrated apple juice, unfermented and not containing alcohol Fruit juices, unfermented, not containing alcohol, n.e.s.	GQ GQ GQ
Italy	20.07 BII	Orange juice	DL
Norway	20.07 805	Other fruit juices, not containing added sugar	DL,GQ
Austria	22.05	Wine of fresh grapes	GQ
Canada	22.05	Wine of fresh grapes	ST
Norway	22.05	Non-sparkling wines	ST
Sweden	22.05 100,300,400, 500,600	Wine of fresh grapes	ST
Switzerland	22.05 10,20,30 12,22,30	Red wine White wine	GQ,BQ P,GQ,BQ
Japan	22.08 01	Undenatured ethyl alcohol or neutral spirits and denatured spirits of strength 90 degrees or higher	ST
Norway	23.01 400	Flours and meals of fish, crustaceans or molluscs, unfit for human consumption	ST

(1)	(2)	(3)	(4)
Industrial products (Chapters 25-99)			
Japan	41.02 02	Bovine cattle leather (incl. buffalo leather and equine leather, n.e.s.)	DL
Japan	41.03 01	Sheepskin leather, dyed, coloured, stamped or embossed	DL
Norway	42.03 304-909	Articles of apparel of leather or composition leather	L
Norway	42.03 101-209	Leather gloves	L
USA	55.01	Cotton, not carded, combed	GQ
USA	55.03 30040	Cotton waste, not advanced	GQ
Norway	55.09	Other woven cotton fabrics	L
New Zealand	58.01	Carpets, carpeting and rugs, knotted	QR
Norway	60.02	Knitted and crocheted gloves, mittens and mitts, knitted, crocheted, not elastic or rubberized	L
Norway	60.04	Undergarments, knitted or crocheted, not elastic nor rubberized	L
Norway	60.05	Outergarments and other articles knitted or crocheted, not elastic nor rubberized	L
Norway	60.06 920/990	Knitted or crocheted fabrics and articles thereof, elastic or rubberized	L
Norway	61.02	Women's, girls' and infants' outergarments	L
New Zealand	ex 61.02	Women's, girls' and infants' outergarments (other than infants' garments falling within item No. 61.000 and 60.000)	QR
Norway	62.02	Bed linen, table linen, toilet linen, and kitchen linen; curtains and other furnishing articles	DL
Canada	64.02	Footwear with outer soles of leather or of composition leather, footwear with outer soles of rubber or artificial plastic material	GQ,AL
Norway	64.02 070-090	Footwear with outer soles of leather, of composition leather, rubber or artificial plastic material	DL

(1)	(2)	(3)	(4)
Australia	64.03	Footwear with outer soles of wood or cork	L
Canada	64.03	Footwear with outer soles of wood or cork	GQ,AL
Canada	64.05	Parts of footwear	QR,AL
New Zealand	69.12	Tableware and other articles of a kind commonly used for domestic or toilet purposes, of other kinds of pottery (other than those of Item Code 69.000)	QR