

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/58
21 October 1968

Limited Distribution

Committee on Trade and Development
Twelfth Session
4-5 November 1968

REPORT OF THE GROUP ON RESIDUAL RESTRICTIONS

1. At its eleventh session, in June 1968, the Committee on Trade and Development agreed that the Group on Residual Restrictions should resume its work on the basis of its original terms of reference. Accordingly the Group was convened and held four meetings on 3, 4 and 10 October under the chairmanship of Mr. G.J. Hall (Australia). The task of the Group as defined by the Committee was to study the existing information concerning the remaining import restrictions applied by developed countries on products of export interest to developing countries inconsistently with the provisions of the General Agreement and to submit appropriate findings and recommendations to the Committee in regard to all possible action that might be taken to secure their elimination.
2. The Group had before it a new list of the relevant import restrictions compiled by the secretariat (COM.TD/W/76) as well as certain statistical material circulated by the secretariat for reference (e.g. COM.TD/W/77).
3. The Group heard statements by the representatives of Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Sweden, the United Kingdom and the United States regarding restrictions listed in COM.TD/W/76, as well as a statement by the representative of Finland on restrictions applied by that country. The statements generally described measures of liberalization taken in the past months, the circumstances in which the continued application of the remaining restriction was considered necessary at present, and prospects of the restrictions being removed in future. Without being in a position to indicate specific target dates for removal of restrictions on particular products, most of these representatives stressed the resolve of their governments to continue to explore all possibilities of liberalization. In the course of discussions following the statements the Group sought clarification on the application of restrictions on specific products and pertinent information was supplied by the delegations concerned on various questions raised.
4. With regard to one particular product, namely jute manufactures, the Group was informed that discussions were in progress as a left-over matter from the Kennedy Round. The representatives of the countries concerned expressed the hope that successful conclusions to these discussions would be arrived at as soon as possible and if possible before the next session of the CONTRACTING PARTIES. The representative of another importing country informed the Group of the discussions in progress on the arrangements maintained by that country in regard to jute manufactures. Specific representations were made by developing countries on a number of other products, notably black tea and groundnuts. The representatives of the developed countries concerned stated that they had taken due note of the views

expressed and would bring them to the attention of their governments for careful consideration. In regard to black tea, the Group expressed the hope that bilateral consultations would be held soon between Japan and the principal tea exporting countries with a view to achieving a satisfactory solution.

5. The texts of the statements made by the representatives of developed countries as well as brief notes recording the ensuing discussions concerning particular restrictions are contained in the Annex to this report. The secretariat has undertaken to issue a revised version of the tables in COM.TD/W/76 taking account of the factual information adduced in the course of the discussion.

6. Members of the Group noted that while some progress had again been made in the past year in the elimination of restrictions the number of products remaining subject to restriction in a number of developed countries was still considerable. They expressed anxiety over the adverse effects, both actual and potential, on the exports of developing countries, and stressed the importance and urgency of securing the early elimination of the remaining restrictions. Members of the Group particularly regretted that the contracting parties concerned were not even prepared to announce target dates for such action. The Group noted the concern of some developing countries that the continuation of the import restrictions might detract from the scope and value of any general preferences which might shortly be introduced for imports of manufactured products from developing countries. Some representatives noted that in some instances discrimination existed in the application of restrictions between sources of supply, and expressed the hope that urgent action would be taken towards its elimination.

7. In the course of the discussion several representatives expressed disappointment at the non-participation of one important developed contracting party in the work of the Group. Some representatives expressed regret that information on the residual restriction maintained by this country was not available to the Group, which thus deprived it of the opportunity of discussing one important segment of the residual restrictions of particular concern to many developing countries. Some representatives expressed the view that it should be possible for the secretariat to make available the relevant information. It was agreed that the matter should again be brought to the attention of the CONTRACTING PARTIES so that remedial steps could be considered.

8. Some members of the Group pointed out that inasmuch as import restrictions on agricultural products were not the only measure restraining trade in these products and were mostly reflections of fundamental problems of agricultural protectionism, it would be useful if the Group referred these restrictions to the Agriculture Committee. The general view in the Group was that while it should be useful for the Agriculture Committee to be supplied with all the information available to the Group relating to residual restrictions on agricultural products, there should be no question of the Group abandoning or slackening its task of exploring the possibilities of removing the restrictions on these as well as on other products on an urgent basis.

9. Some representatives maintained that since the residual restrictions being considered were inconsistent with the provisions of GATT, the Group should recommend that unless they could be removed immediately, the countries concerned should have recourse to the appropriate procedures of GATT and ask for a waiver. Representatives of some of the developed countries maintaining these restrictions suggested that the waiver procedure would not be particularly helpful in this context since the fundamental reasons for the restrictions would not have altered.

10. The Group recalled the proposal submitted by New Zealand at the twenty-fourth session of the CONTRACTING PARTIES for the elimination of all remaining residual restrictions and the regularization of the legal situation with respect to any restrictions which must be maintained. The Group noted that the Committee on Trade and Development would undoubtedly wish to revert to the subject of residual restrictions affecting products of export interest to developing countries after the twenty-fifth session to review the question in the light of the outcome of the discussions at that session on residual restrictions in general, taking into account discussions at previous sessions of the CONTRACTING PARTIES and the views expressed in this Group. Members of the Group considered, however, that in regard to certain products of particular interest to developing countries, it would be useful for this Group as soon as possible to examine the situation in greater detail on the basis of adequate data concerning trade in the items concerned and the special problems underlying the remaining restrictions. The secretariat should seek the necessary material (imports, production, consumption, costs and prices, investment, etc.) on selected products (e.g. those mentioned by the secretariat in paragraph 3 of COM.TD/W/76). It was understood that the decision to seek such additional information and to consider it subsequently in the Group would not result in delay in action by the governments concerned to remove such restrictions at the earliest possible date, having regard to the obligations assumed by them under GATT. Some members of the Group stated that while not opposed to such detailed examination of problems relating to particular products in the Group or the collection by the secretariat of relevant information, they would stress the importance of such activity being appropriately timed and pursued with due regard to the discussions at the twenty-fifth session.

ANNEX: STATEMENTS BY DELEGATIONS OF CONTRACTING PARTIES
APPLYING RESTRICTIONS AND NOTES ON THE
ENSUING DISCUSSIONS

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I. AUSTRIA

Statement by the Austrian representative

At the last meeting of the Group in October 1966 my delegation announced a series of liberalization measures. Since there was no meeting in the meantime I think it appropriate to refer to these measures now.

As from 1 January 1967 Austria has liberalized all remaining restrictions on imports in the industrial field, i.e. in Chapters 25 to 99 of the Brussels Nomenclature. We did this with the exception of only three products, and only two of these are of interest to developing countries and mentioned in COM.TD/W/76. The items liberalized on 1 January 1967 were the following: matches, monumental building stone, and articles thereof, certain types of brooms and brushes, jute yarn, woven fabrics of jute, certain carpets and carpeting and rugs, sacks and bags of jute, chairs and furniture, mirrors and plate glass and electric accumulators. These items were liberalized at the request of many developing countries around this table.

The two items which are still under restrictions in the industrial field are penicillin, other antibiotics and medicines containing antibiotics and cinematographic films exposed or developed. As far as antibiotics are concerned, the maintenance of the restrictions is necessary for the protection of security interests in case of emergency in international relations. We consider that the legal justification for the maintenance of this quantitative restriction can be found in Article XXI. The restriction on cinematographic films is not maintained because of possible imports from developing countries; protection is needed not so much for economic as for cultural reasons. If the restrictions on these two industrial products cause difficulties to the export of developing countries Austria is prepared to discuss them at any time in order to overcome the problems.

I would like to refer to the agreement reached at the twenty-fourth session of the CONTRACTING PARTIES concerning the constitution of expert panels for individual industrialized products. This we consider to be an appropriate procedure likely to bring us forward on the question of the elimination of quantitative restrictions in the industrial field. We, therefore, support the establishment of such panels and we are prepared to play an active part in the work connected with them.

In the agricultural sector, that is, Chapters 1 to 24 of the Brussels Nomenclature, we have removed restrictions on one item, namely prepared or preserved meat, meat offals of sheep and goats, with effect from 1 January 1968. As regards the other agricultural items, I would like to mention that restrictions on seventeen items shown in document COM.TD/W/76 are permitted under the terms of the Torquay Protocol. As regards the few items remaining under residual restrictions, we try to be as liberal as possible with regard to them. For instance, for some items we open global quotas and these are periodically

increased and even on those items not covered by quotas, statistics show that we take in considerable imports; the volume of these imports are of course closely connected with our own harvest and our domestic production. As regards liberalization in the agricultural field we have achieved great progress and due account is taken of the needs of developing countries. We maintain for instance no restrictions on tropical products and we have granted most of the tropical products duty-free treatment.

On agricultural products of the temperate zone we have not as yet fixed dates for liberalization. In view of our geographical situation any removal of restrictions on a temperate agricultural product would be in the first instance to the advantage of other developed countries and would help the developing countries only very marginally. Our statistics show that the bulk of our imports of temperate agricultural products comes from developed countries. While we are not against further liberalization in the agricultural field, it is our belief that this should take place as a concerted action of all developed countries. In this sense we agree in principle with the idea contained in the proposal of the secretariat in paragraph 3 of the document COM.TD/W/76, namely that where restrictions are applied on a product by more than one country we should discuss the common problems together.

I would only like to make a further suggestion in this context which seems to be of importance to my delegation. When we are going through the items covered by restrictions shown in Part II of the document, I think we should not limit ourselves to the restrictions as such since we are all aware that various countries apply various forms of non-tariff barriers to the same agricultural product. Some countries apply quantitative restrictions, other countries another form of non-tariff barrier which has the same effect as a quantitative restriction. We, therefore, propose that we should include in our exploratory work all non-tariff barriers with a view to removing one by one these barriers by all countries concerned simultaneously. We think this to be an appropriate way which could lead us to further liberalization of the world trade also in the agricultural field.

Discussion following the Austrian statement

In the course of the discussion a member of the Group requested indications as to the prospects of future liberalization on items ex 01.01.A (horses for butchering), ex 08.06 (apples, pears) and 16.03 (meat extracts and meat juices). The Austrian representative assured the Group that he would transmit the questions and observations to the appropriate authorities at home for attention.

II. BELGIUM

Statement by the Belgian representative

As the members of this Committee may have noted on reading document COM.TD/W/76, the Benelux countries are among those contracting parties which maintain the least residual restrictions on products of export interest to developing countries. These restrictions in fact apply to a very tiny part of our imports. This is true both as regards the number of products and the volume of trade involved, and this situation is not in the least surprising if one is aware of the traditionally liberal trade policy of our countries.

With regard to agricultural products, three items listed in COM.TD/W/76 are no longer subject to quantitative restrictions and have not been since 1 July 1968, the date on which the joint regulations of the Economic Commission for Europe on sugar came into force. The notification of the deletion is to follow very shortly and in any case before the twenty-fifth session of the CONTRACTING PARTIES. The products in question are beet sugar and cane sugar (17.01) and syrup of saccharine base (ex 17.02(d)) and finally sugar syrup and molasses (ex 17.05). The general broad problems of the international trade in sugar are being discussed in another forum and the Benelux countries hope that a satisfactory agreement will be reached regarding them.

The very few agricultural products on which import controls still exist in the Benelux countries, namely some varieties of fish, flowers, fruit and vegetables, in fact do not affect exports from developing countries. These restrictions moreover are going to disappear gradually as the joint agricultural policy of the ECE is implemented.

Finally, the controls applied to horsemeat are maintained for veterinary and genetic reasons and have no measurable effect on trade in this sector.

As to the industrial products in the Benelux countries these will be covered by the statement of the representative of the Netherlands (see Section IX below).

III. CANADA

Statement by the representative of Canada

First of all we want to express our thanks to the secretariat for this very comprehensive document COM.TD/W/76; we do, however, share in the disappointment expressed by the observer of Argentina regarding the lack of information on certain countries.

There are many restrictions listed here which are at most of only marginal interest to the export trade of the developing countries. The group's attention should be concentrated on those restrictions which are truly preventing an expansion in exports from the developing countries.

In the case of Canada import permits are required for wheat, barley, wheat flour, oats, etc. as indicated in the document. A few developing countries indeed do have an export interest in these products but these restrictions in reality can have no adverse effect on their exports. Canada is a major and competitive exporter of these products. Only because of the high proportion entering export trade with the accompanying problems of long-term storage, etc. has this import control been maintained. The measure is permitted under the Protocol of Provisional Application.

As for the other product listed here, butter, this is not so much a problem for the developing countries but rather a world-wide problem. A Working Party in GATT is seeking a solution to the serious problems confronting trade in this product, and the question of butter cannot be examined solely from the point of view of quantitative restrictions. There is the issue of subsidized exports. As long as butter is being delivered on the world market at prices which barely cover the cost of transportation, restrictions will be maintained in virtually all important markets. I submit that we must leave this complicated problem on butter to the GATT Working Party established to deal with it.

IV. DENMARK

Statement by the representative of Denmark

The remaining Danish import restrictions on products notified as being of export interest to developing countries are set out on pages 9-14 of document COM.TD/W/76 and corrigendum 1.

Since the last meeting of the Group in 1966 Denmark has liberalized the imports of a number of products, for instance: certain fish; cut flowers and flower buds, except fresh; certain vegetables, fresh, chilled or provisionally preserved; manioc, arrowroot and similar products with high starch and inulin content; dried apples; chocolate and other food preparations containing cocoa; fermented beverages; and worked monumental or building stone and articles thereof.

As a matter of fact, since 1 January 1967 Denmark has no quantitative import restrictions on products falling within Chapters 25-99 of the Brussels Nomenclature.

As regards BTN Chapters 1-24 (apart from certain temperate agricultural products) Denmark maintains quantitative restrictions for only a limited number of products notified as being of export interest to developing countries.

The restrictions on fourteen of the items mentioned in COM.TD/W/76 are considered consistent with the GATT, as they are based upon legislative measures taken before the entry into force of the General Agreement for Denmark.

Moreover, five items concerning fresh fruit and vegetables are subject to a phase licensing system involving liberalization on a general open licensing basis of the imports of the products concerned except during the Danish season.

The rest of the items relate mainly to agricultural products of which Denmark is an important producer, and most of which are of only insignificant export interest to most of the developing countries. My Government finds it impossible wholly to give up these restrictions as long as our exports of agricultural products to our main trading partners are met with quantitative restrictions, import levies, countervailing duties, etc. However, the possibilities of abolishing at least some of the remaining restrictions are under continued consideration.

Denmark has hitherto abolished a number of restrictions every 1 January and 1 July, and it is the intention of my Government to follow this liberalization policy also in the future.

Discussion following the statement

A representative stressed that the explanations given by the representative of Denmark in his statement would seem to be insufficient to justify the continued maintenance of restrictions inconsistent with the GATT and expressed the hope that the remaining restrictions on agricultural products would be eliminated soon. The representative of Denmark said that he had taken note of the remarks and assured the Group that he would bring them to the attention of the competent Danish authorities.

V. FINLAND

Statement by the representative of Finland

Although Finland is not among the countries mentioned in document COM.TD/W/76, I should like to say a few words on its import restrictions.

From 1 January this year Finland eliminated all the remaining quantitative import restrictions on industrial products, that is products falling in Chapters 25 to 99 of the Brussels Nomenclature, including those on woven fabrics and other textiles and footwear.

The removal of quantitative restrictions on agricultural products agreed upon in the Kennedy Round was carried out on 1 July of this year. A list of the items in question will shortly be sent to GATT. This action brought the level of liberalization in Finland's multilateral trade to 95 per cent. The rest of the quantitative restrictions in Finland's multilateral trade fall within the scope of restrictions maintained for balance-of-payments reasons and are dealt with in the appropriate forum of GATT.

VI. FEDERAL REPUBLIC OF GERMANY

Statement by the representative of the Federal Republic of Germany

I should like to comment briefly on the items concerning my country in the document which has been drawn up as a basis for our discussion.

As regards the industrial sector you will recall that my Government has recently taken action in spite of special difficulties facing the German coir industry. Thus the import of woven carpets of coir has been entirely liberalized as from 1 June 1968. Item ex 58.02 should, therefore, be deleted from the list. Furthermore, no restrictions are now applied either to fabrics of spun glass or household linen of tulle, lace and other material except cotton. We should be grateful if items 56.07 and 62.02 were amended accordingly. Item 69.11 should be changed to ex 69.11.

As regards the agricultural sector, all quantitative restrictions on items 17.01, 17.02, 17.03 and 17.05 were removed at the beginning of 1968. A few more minor modifications seem also to be necessary; for instance, there is no restriction to the import of ramie as indicated. My delegation will get in touch with the secretariat concerning all such necessary changes. In both the industrial and agricultural sectors there now remains rather a small number of items still subject to quantitative import restrictions. With one exception these items are "ex items" only and not all of them are of export interest to developing countries. The remaining hard-core of sensitive products represents only 0.15 per cent of our trade with these countries. It should be pointed out in this context that although the Federal Republic of Germany has an overall trade surplus, our trade with developing countries continues to produce a large deficit in favour of these countries.

Before closing, let me stress that my Government will continue to make every effort to reduce the remaining import restrictions and to minimize any adverse effect that they may have on the trade of developing countries.

Discussion following the statement

Members of the Group expressed appreciation of the liberalization measures recently introduced by the Federal Republic of Germany. Some representatives expressed the hope that progress would be achieved in the speedy liberalization of the remaining items.

In reply to a question, the representative of the Federal Republic of Germany explained that for those items on which both bilateral and global quotas were in force, the bilateral quotas were provided to permit imports from certain specific countries whereas imports from GATT countries were generally covered by global quotas. This arrangement was considered to be consistent with provisions of paragraph 2(d) of Article XIII.

The representative of the Commission of the European Communities stated that negotiations for an agreement on jute manufactures were taking place with interested countries and it was the hope of the member States that these negotiations would soon come to a successful conclusion. The representatives of exporting countries expressed the hope that the negotiations on jute which were part of the left-overs from the Kennedy Round would come to successful conclusions before the twenty-fifth session of the CONTRACTING PARTIES.

VII. ITALY

Statement by the representative of Italy

The list of Italian restrictions in COM.TD/W/76 includes an item (19.07) of which imports are subject to restriction only when they come from Eastern European countries. This item should be deleted from the list inasmuch as no developing country's export interest is involved.

Certain other products, such as dates, dried figs and raisins have been liberalized when coming from developing countries. There remained only the condition imposed by the customs authorities that they should be presented in a certain type of packing. This has been explained to GATT in the past.

As regards coffee, we have signed the International Coffee Agreement and the control is maintained in accordance with that Agreement; consequently the item should be deleted unless the intention is to include restrictions which are permitted under paragraph (h) of Article XX. With regard to bromide (28.01) and ethylene bromide (ex 29.02-A) which were only of concern to one country, we have already negotiated an arrangement for the import of these products from that country. Finally, as regards motor vehicles the certain types imported into Italy are so far not of importance in the exports of developing countries.

To conclude, I can assure you that the competent authorities in Italy are now re-examining this short list, trying further to reduce it in conformity with the liberal policy so far applied to exports of developing countries.

VIII. JAPANStatement by the representative of Japan

The elimination of residual restrictions is not a new problem. The Japanese delegation is painfully aware of the difficulties involved, as well as the desirability of the removal of these restrictions at the earliest practicable date. Ever since our acquisition of Article 8 status under the charters of the International Monetary Fund and particularly since the adoption of Chapter IV of the General Agreement, Japan has continued to make its best efforts with a view to an early elimination, where possible, of these restrictions. To illustrate, in the field of Japan's medium- and small-scale enterprises, where great difficulties are involved, the Japanese Government has rendered active assistance and positively pursued and encouraged their reorganization and modernization. In the agricultural field, where greater difficulties are encountered not only in Japan but also in most other countries, measures for modernization have been vigorously pursued. We would like to take this opportunity to reiterate and to affirm that these efforts will be continued and enhanced where possible.

With all these efforts, however, I regret to observe that our list remains to be of some length, and that the reasons we have given at the last meeting of this Group and in the various forums of the GATT for continued restriction remains broadly and basically the same. As there has been some time since our last meeting, a restatement of our situation may be of some use to the members of this Group. All the items listed in the document compiled by our efficient secretariat relate to very considerable difficulties, whether of economic or social nature or of natural conditions peculiar to Japan. Natural conditions are particularly relevant in agriculture. Japan, as you know, is mountainous and the arable area is small, constituting not more than 16 per cent of the total area; the island chain of Japan stretches long from north to south with diverse climates. With these conditions, and without any natural resources to speak of, and a large population, at present over 100 million, continue to pose very serious difficulties. While we have been able to achieve some considerable economic advances, the days when the question whether Japan can be a viable economic unit was uppermost in the Japanese mind are not far behind. The paucity of natural conditions in our country, in agricultural terms, make people, living in such areas and regions where choices of crops are limited, dependent upon specific and unremunerative crops. These areas have virtually no alternatives of agricultural production nor do they offer in most instances, suitable industrial sites.

In the field of industry, over half of the working population now engaged in manufacturing, find employment in small- and medium-scale enterprises which more often than not rely on traditional and outmoded techniques and management. These small industrial enterprises, constantly faced with bankruptcy, can be and often are the causes of serious social problems. In this respect, we must remind this Group of the traditional rigidity of labour mobility in Japan. Although at present demand for young workers exceeds supply, the middle-aged workers still

face extreme difficulty in looking for alternative jobs, once thrown out of their present line of employment. We must also emphasize that labour immobility is even greater in traditional agricultural areas.

In the background of these difficulties lies the so-called dual structure of the Japanese economy or the backwardness in general of our economy, which in turn derives from the pattern of Japan's historical development, on which I have no intention to dwell today.

Many of you might ask and perhaps feel that the high rate of growth achieved in recent years by the Japanese economy must certainly have created conditions more conducive to an early elimination of quantitative restrictions. This is a relevant and legitimate question, but the answer will have to be a partial yes and a partial no. We will not deny, particularly from the viewpoint of long-term trends, that the high rate of growth of our economy could make it possible to absorb more employment into the more prosperous industries away from the backward sectors. This will surely cause shifts in the structure of the economy in such a way that Japan will tend more and more to specialize in the more sophisticated lines of industrial activities making room for developing countries. This trend is already apparent. On the other hand, however, it must be pointed out that Japan's thorny passage from developing to developed status has taken place in a relatively short span of time. It is not easy to change deep-grained habits, mental outlooks, the way of living and of working of all people and especially those at the bottom of the social and educational strata. This is more so when the time period involved is less than half the adult and thinking lifetime of the greater majority of the Japanese population. Taking account of the social, economic and political problems which are widespread and common, the removal of the residual restrictions must be progressive but gradual, and cannot nor will be achieved overnight.

I may have spent too much time on our difficulties rather than on the positive aspects. But we can assure you, as I have stated at the beginning of my remarks, of the firm intention of my Government to continue its best efforts on the question of residual restrictions. To turn to the positive side, I am pleased to announce on this occasion that my Government took measures to remove quantitative restrictions on cosmetics (33.06) and tulle and lace (58.09) on 1 April, and limes (08.02) and alloy tool steel, free cutting steel and alloy hollow mining drill steel (73.15.1(3)) as of 1 October. Developing countries might be interested, among these items, in perfumery and limes as they appear on the list before us. It is also our general intention to increase our quotas and imports as much as practicable for items which cannot be immediately liberalized. I also would like to point out on this occasion that the total amount of Japanese imports from developing countries reached \$4.6 billion last year which was 16.2 per cent higher than the year before. Our imports from developing countries for the period January through June this year amounted to \$2.7 billion or an increase of 18.1 per cent over the corresponding period in 1967. This percentage increase for the first half of this year is much larger than the rate of increase of our imports from developed countries. Imports from developing countries now stand at 42 per cent of our total imports, which, I believe, is highest among developed countries.

Japan offers a larger and expanding market for the products of developing countries; Japan, I am sure, has contributed and will contribute in an even greater way, to the expansion of exports of developing countries.

Discussion following the statement

Members of the Group expressed appreciation for the measures of liberalization recently introduced by the Government of Japan. They pointed out with regret, however, that a considerable number of products of interest to developing countries continues to be subjected to restrictions. On the request of some representatives, the delegate of Japan clarified the explanations given in his statement for the continued maintenance of restrictions on a number of products despite Japan's high rate of growth. He explained that the span of time covering Japan's transition into a developed status has been too short to sort out deep-rooted difficulties. There was considerable labour immobility in various sectors of the economy, and difficulties remained in agriculture and in some small- and medium-size industries. There were also social problems involved in adjustments. Restrictions on manufactured products, especially heavy industry, were of a transitional nature. He assured the Group of his Government's intention to eliminate these restrictions as early as practicable. Some members expressed dissatisfaction with some of the reasons given, since, they pointed out, the problems involved were typical of other developed countries where less restrictions were maintained; others expressed the hope that the remaining restrictions would be eliminated as soon as possible.

In response to a question from a representative as to the reasons for the restrictions on black tea the representative of Japan stated that the cultivation of black tea was concentrated in the southernmost island of Kyushu with adverse weather and soil conditions. The area was not suitable for other agricultural production. Increased black tea production had been planned in this area about ten years ago, at which time the plans were to cultivate an area of 10,000 hectares but since then Japan had limited this cultivation to 2,000 hectares, and it was Japan's intention to continue to limit black tea acreage. However, this limited black tea cultivation was the only means of livelihood for the farmers and planters concerned and other means of production was not available. The general trend in both consumption and imports of black tea had been on the increase, and it was Japan's best estimate that this trend would continue in the immediate future.

Commenting on the statements made by the Japanese representative, the representative of India recalled that the importance of tea to developing countries had been recognized by the CONTRACTING PARTIES as early as 1958 when the Trade Expansion Programme was launched. It figured prominently among the products to which attention had been given in the context of trade and development, and in the Ministerial Declaration of 1963 developed countries had undertaken a clear commitment regarding trade barriers affecting this product. During the Kennedy Round most developed countries were able to take action either to remove altogether or substantially to reduce their import duties on various types of tea.

In the case of Japan the import duty on black tea had, up to now, remained as high as 35 per cent ad valorem. In spite of this high duty quantitative restrictions had been maintained. The indications given by Japan at the end of the Kennedy Round of its intention to liberalize imports through quota increases was, in the view of the exporting countries, totally inadequate. The progress that had been achieved in reducing trade barriers on this product had thus been particularly disappointing. The trade barriers applied to black tea, coupled with the peculiar and highly restrictive marketing system for this product, had resulted in extremely high prices of imported black tea in the Japanese market (for instance, in 1963 and 1964, while domestically produced black tea was selling at ¥ 488 and ¥ 465 per kg., imported black tea of comparable quality was quoted as high as ¥ 894 and ¥ 852). In view of the clear provisions of the General Agreement it was insufficient for a contracting party to invoke such reasons as domestic economic problems and depressed regions when questioned about the justifiability of import restrictions, especially when the measures affected the trade and economic interest of extremely low-income countries which were faced with problems of much greater dimensions. It was to be hoped that further relevant information would be supplied by the Japanese delegation to this Group, and that discussions could be started so that a satisfactory conclusion could be reached for elimination of residual restrictions and the high level of duty on black tea at an early date, if possible before the twenty-fifth session.

The Japanese representative informed the Group of his Government's readiness to enter into bilateral consultations with tea exporting countries with a view to achieving a mutually satisfactory solution.

IX. NETHERLANDS

Statement by the Netherlands representative

The products listed in the table relating to the Netherlands in COM.TD/W/76 are indeed still subject to import control, but the controls are applied in an extremely liberal manner. In our Government's view they have not exerted any adverse effect on the trade of developing countries. The reasons for maintaining these restrictions are mainly administrative or relate to public health considerations.

As far as penicillin and medicines containing penicillin are concerned, there is, however, another reason, namely the extremely erratic price movements in these products in the past. However, I have been instructed to state that my Government has the liberalization of these products under consideration at the moment.

X. NORWAY

Statement by the representative of Norway

More than 40 per cent of total production of goods and services in my country is exported and almost the same percentage of total consumption is imported. Being a country heavily dependent on foreign trade, it is only natural that Norway should follow a policy directed towards achieving a free flow in international trade.

In line with the liberal trade policy pursued, restrictions on all industrial items, that is items falling within Chapters 25 to 99 of the Brussels Nomenclature, have been eliminated.

As may be seen from document COM.TD/W/76, there are restrictions on some agricultural products indicated as being of export interest to developing countries. These restrictions, however, are to be looked upon in connexion with my country's overall agricultural policy. Agriculture is still an important part of the Norwegian economy, particularly in areas which are sparingly populated. Approximately 15 per cent of the working population is engaged in agriculture while only 3 per cent of the country's land is arable. Support measures have been introduced not only for emergency reasons and out of necessity to ensure minimum earnings for farmers, but also because of demographic considerations aimed at avoiding de-population of rural areas, in particular in the Western and Northern parts of the country.

In spite of the problems we are faced with, we have, however, found it possible to liberalize a number of items of interest to developing countries. On 1 January 1967 we liberalized, among others, canned mixed fruits, including fruit cocktail, certain vegetable juices and canned corn. The possibility of further liberalization is of course always under consideration. May I add that my country has over the years had a sizeable trade deficit with developing countries. This deficit has been more than tripled during the period 1960-1967.

XI. SWEDEN

Statement by the representative of Sweden

A summary table of the kind shown in COM.TD/W/76 can, of course, not always accurately reflect the true situation in all detail and we shall bring to the attention of the secretariat the modifications that need to be made in the table concerning Sweden.

There is, however, one point which I wish to make. The standardized symbols used in the document, do not seem to reflect the situation regarding some of the items accurately. The symbol LL signifies liberal licensing. However, there are cases where licences are issued not only liberally but rather more automatically; that is, the licensing is of a purely formal nature and does not imply any quantitative limitation of imports. This is the case with most of the products listed in the table relating to Sweden. I am not sure that such products do even belong to the list.

The only quantitative import restrictions in the real sense of the word that are applied in Sweden on imports from all countries including the developing countries relate to some kinds of fish and are explained by the peculiar situation in which the Swedish fishing industry finds itself and the difficulties that Swedish fishermen encounter in marketing their fish.

Discussion following the statement

A member of the Group asked for clarification on the licensing procedures applied to some of the products in the list. The Swedish representative reaffirmed that the licensing requirements were of a merely formal nature and, in the view of his delegation, did not constitute a quantitative restriction.

XII. UNITED KINGDOM

Statement by the representative of the United Kingdom

There have been two changes to the list of United Kingdom restrictions which members of the Group may wish to note. First, the pigmeat item (tariff item ex 02.06) should be deleted as pigmeat was liberalized in April 1967; and secondly, there is a change in the definition of the butter heading to include butter mixtures. We shall notify this to the secretariat. This second change does not affect any additional tariff items included either in the lists submitted by developing countries to Committee III or notified in the Kennedy Round.

As far as the items notified by developing countries to Committee III are concerned, we have restrictions on bananas, cigars and certain citrus products in the interests of some less-developed countries and not in order to protect British producers.

As regards jute, the Group has heard in previous discussions that the jute industry presents the United Kingdom with a special problem in that it is concentrated in an around one town, Dundee, in Scotland, where it provides work for about 16 per cent of the working population. Despite the difficulties involved, we have worked consistently towards a reduction in the protection accorded to the jute industry and towards a consequent increase in the opportunities afforded for imported goods. Our present import arrangements have been under review since the early months of this year and discussions are taking place with our major overseas suppliers. It is hoped that the outcome of this review will be announced shortly and that the new arrangements will permit substantially increased imports.

In the case of the additional items notified by the developing countries in the Kennedy Round, rum comes into the same category of restrictions as bananas, cigars and citrus fruits to which I have just referred. The major trade interests in the other items listed lies at present with developed countries.

Discussion following the statement by the representative of the United Kingdom

One representative drew attention to the discriminatory nature of some of the restrictions maintained by the United Kingdom in that although they favoured some developing countries, they could adversely affect the trade of others. Another member took the opportunity to express the hope that the discussions currently taking place on jute manufacture would yield fruitful results. The representative of the United Kingdom took note of these comments.

XIII. UNITED STATES

Statement by the representative of the United States

My delegation had not considered it necessary to explain its position with respect to the items listed on page 40 of document COM.TD/W/76, but if you wish, I can do so.

All the items listed here, except for sugar, are fully covered by a decision of the CONTRACTING PARTIES of 5 March 1955. Our latest detailed report on the restraints we apply on imports of these products which are covered by the 1955 decision, was contained in document L/2381 of 7 November 1967 which was discussed intensively and exhaustively during the twenty-fourth session of the CONTRACTING PARTIES. A similar but updated report will be submitted to the twenty-fifth session.

Restrictions which we apply to sugar imports are covered by the terms of paragraph 1(b) of our Protocol of Provisional Application since the relevant sugar legislation was in effect before we acceded to the General Agreement.

In short, restrictions applied by the United States on the products listed in COM.TD/W/76 are in conformity with the General Agreement.