

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

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## Group on Residual Restrictions

### INFORMATION ON CERTAIN PRODUCTS SUBJECT TO QUANTITATIVE RESTRICTIONS AND SELECTED FOR PRIORITY EXAMINATION

#### Note by the Secretariat

Governments of developed countries applying restrictions on the fifteen items selected for priority study (listed in COM.TD/W/118/Rev.1), were invited by the secretariat to provide up-to-date information on production, consumption and imports of these items as well as an indication on trade policies relating to them and an assessment wherever possible of the economic and social difficulties which in their view would be created by the removal of restrictions maintained on these products. Part I of this note contains information so far received in response to this request. Further notifications will be issued as addenda to the present document.

During the discussions in the Joint Working Group on Import Restrictions in April 1970 some delegations from developed countries made comments relevant to certain of the fifteen items listed in COM.TD/W/118/Rev.1. Those comments which were of a general policy nature can be found in COM.AG/W/57. Where appropriate some of the comments made regarding specific products have been taken from COM.IND/W/28/Add.1, Vol. I, and COM.AG/W/57/Add.1, and reproduced in Part II to this note.<sup>1</sup>

Document COM.TD/W/118/Rev.1 contains statistical information on imports of the fifteen items into developed countries maintaining restrictions. In preparing these data the secretariat took into account the import statistics provided by governments.

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<sup>1</sup>Comments by the Federal Republic of Germany and the United Kingdom are not reproduced where they are covered by the submissions in Part I of this note.

# PART I

## Notifications on Production, Consumption and Trade Policy Submitted by Developed Countries Maintaining Restrictions

### United Kingdom

Of the fifteen commodities scheduled for discussion by the Group on Residual Restrictions at its next meeting, the United Kingdom applies quantitative restrictions only on the import of apples, pears, certain citrus fruit and citrus juices, jute yarn and certain jute products.

#### 1. Fresh apples and pears

The horticultural industry of the United Kingdom does not receive guaranteed prices in any form and is provided with a measure of protection against unrestricted imports by means of the tariff, but the rates of import duty are bound at nil or very low levels in the case of apples and pears. These fruits account for an output value of some £25 million annually - about one eighth of the industry's output as a whole - and their production demands a high level of capital outlay so that some assurance of a reasonable level of return over a sufficient period of years is desirable. The main competing imports are those originating in the northern hemisphere countries whose seasons broadly coincide with that of the United Kingdom. Because of these factors and the almost continuous state of over-supply that exists on European markets, restrictions are maintained on all imports of fresh apples and pears from outside the sterling area.

Statistics (Value = £'000: Quantity = '000 metric tons)

#### (a) Apples (excluding cider apples)

##### United Kingdom production<sup>1</sup>

	1967		1968		1969	
	V	Q	V	Q	V	Q
Dessert apples	14,248	192.3	17,723	205.3	17,828	290.5
Cooking apples	5,536	115.3	6,654	152.3	7,116	155.9
Total	19,784	307.6	24,377	357.6	24,944	446.4

<sup>1</sup>"Total production" is the amount of fruit on trees fit for consumption, whether or not it is harvested.

United Kingdom consumption (fresh)<sup>1</sup>

<u>1967</u>	<u>1968</u>	<u>1969</u>
Q	Q	Q
508.8	561.3	619.9

(b) Pears

United Kingdom production<sup>2</sup>

<u>1967</u>		<u>1968</u>		<u>1969</u>	
V	Q	V	Q	V	Q
2,563	23.6	1,802	76.9	3,550	62.3

United Kingdom consumption (fresh)<sup>3</sup>

<u>1967</u>	<u>1968</u>	<u>1969</u>
Q	Q	Q
46.5	56.4	51.8

2. Citrus fruit and citrus juices

The restrictions on the import of certain citrus products from the dollar area are now maintained solely in the interests of Commonwealth developing countries in the Caribbean area. These countries' main market is the United Kingdom and their citrus industries are important both as an export earner and being highly labour-intensive industries, in providing employment. The restrictions have been relaxed twice in recent years. In 1964 the restrictions on imports of frozen orange concentrate from the dollar area were removed and in 1968, as part of the GATT Kennedy Round settlement, the period during which fresh grapefruit may be imported from the dollar area was extended by three months to include December-February. The main difficulty in the way of removing the remaining restrictions is the need to ensure that the citrus industries of the Commonwealth developing countries concerned do not suffer.

<sup>1</sup>"Fresh consumption" is demand from home output (i.e. that part of the production that leaves the farm; it excludes waste and losses) plus total imports of fresh fruit less processed production and exports.

<sup>2</sup> and <sup>3</sup> See apples table.

### 3. Jute

The United Kingdom, in common with several other Western European countries, imposes quantitative restrictions on the import of certain jute goods. The British jute industry enjoys no tariff protection against imports. It is concentrated in and around Dundee and employs a substantial proportion of the labour force available in that area. Alternative employment is not immediately available and, therefore, it has been necessary to make special arrangements for the import of jute goods. Until May 1969, imports from Pakistan and India were channelled through the Board of Trade Jute Control, and in addition there were licensing restrictions on imports from other sources. These arrangements were reviewed in 1968 and it was decided that, although control of imports was still essential, the Jute-Control would be replaced by a global licensing system. Imports into the United Kingdom in 1967 (the base date taken for the review) already accounted for some 30 per cent of the domestic market for jute goods and the new arrangements were expected to increase access. It is now estimated that during the first quota year (1969-70) imports from India and Pakistan of quota type goods including those for re-export have, in total, exceeded the 1967 level of Jute Control imports by over 25 per cent. (Although overall imports of jute goods have declined, this is due, at least in part, to the decline in the United Kingdom domestic market for non-quota goods.) Employment in the industry is steadily running down, import arrangements have been progressively liberalized and only goods of major importance to the Dundee industry are now subject to control. Future liberalization, however, must depend on the progress made in attracting alternative employment to Dundee, although it is in the Scottish development area and efforts are being made to attract new industries by means of financial incentives.

#### Statistics

TABLE 1

(a) United Kingdom Imports, Exports and Production 1968

		<u>Tons</u> (to nearest 100)
<u>IMPORTS:</u>	Cloth	46,100
	Yarn	1,200
	Sacks and bags	8,100
	<u>Total</u>	<u>55,400</u>
<u>EXPORTS:</u>	Cloth	4,900
	Yarn	1,500
	Bags (new)	1,200
	<u>Total</u>	<u>7,600</u>
<u>PRODUCTION:</u>	Cloth	58,800
	Yarn	109,700
	Sacks and bags	n.a.
	<u>Total</u>	<u>168,500</u>

TABLE 2

(b) United Kingdom Imports, Exports and Production for "Base Year" of Old Régime (Jute Control) and First Twelve Months Under New Arrangements

	Base period (Jute Control) Jan.-Dec. 1967	Estimated imports first 12 months under new arrangements May 1969-April 1970
<u>IMPORTS</u> (nearest 10 tons)		
<u>All imports:</u> Cloth	42,350	38,990
Yarn	1,460	1,420
Sacks and bags	7,530	4,930
1. <u>TOTAL</u>	51,340	45,340
<u>Controlled imports:</u>		
2. EFTA - Cloth sacks and bags	2,950	1,860
3. Other sources:		
Cloth	4,110	4,080
Yarn	230	420
Sacks and bags	40	50
4. Imports for re-export:		
Cloth	None	1,110
Yarn	None	130
<u>Total controlled imports from "Other sources" plus re-export scheme (i.e. 3 + 4)</u>		
	<u>4,380</u>	<u>5,790</u>
<u>Imports other than controlled range (i.e. 1 less 2, 3 and 4)</u>		
	44,010	37,690
<u>EXPORTS:</u> Cloth	3,870	4,900
Yarn	1,770	1,830
Sacks and bags	1,530	1,910
<u>TOTAL</u>	7,170	8,640
<u>PRODUCTION:</u> Cloth	63,620	47,810
Yarn	112,010	98,640
Sacks and bags	n.a.	n.a.
<u>TOTAL</u>	175,630	146,450

Federal Republic of Germany

The following information is furnished on the remaining restrictions in the agricultural sector in the Federal Republic of Germany referred to in document COM.TD/W/118 dated 17 March 1970.

1. Cut flowers, fresh (ex 06.03)

Production

Proceeds from the sale of German production in 1968/1969 (July/June): cut flowers and potted plants: DM 1,110 million. These are predominantly produced in Germany by family-owned enterprises. When removing quantitative import restrictions in the field of live plants and goods of the florist trade, the Federal Government could only proceed on a step-by-step basis, in order to avoid jeopardizing the existence of such enterprises. The liberalization measures commenced with the derestriction of semi-finished products (dormant plants, bulbs, etc.) and have meanwhile entered into a stage in which also fresh cut flowers may be imported with practically no quantitative restrictions being applied in the period from October to May. The Federal Government hopes to be able to remove import restrictions in this field completely in the course of one year.

2. Potatoes, except for the use in the manufacture of starch, flakes and foodstuffs (ex 07.01)

<u>Production in 1969:</u>	15,985,000 tons
<u>Consumption in 1969:</u>	17,657,000 tons
of which for animal feeding	8,485,000 tons

Because of its excellent preceding crop properties, the potato is an indispensable root crop for the maintenance of the intensification and profitability of crop farming on medium and especially light soils, such as prevail in several regions in Germany. As a result of the wide distribution of these types of soil in the Federal territory, there is thus a necessity of potato cultivation of an order of magnitude largely exceeding the demand for potatoes for human consumption. Almost 60 per cent of an average crop cannot be sold as food and seed potatoes. This quantity has to be used for animal feeding, except for 2 to 3 per cent which can be absorbed by the processing industry. However, the use of potatoes for animal feeding is very costly in terms of labour and is thus for cost reasons in very keen competition with other feeding stuffs, especially with tapioca products imported from developing countries. This competitive situation precludes the possibility of placing a major portion of the German potato crop in the feeding stuffs market. Complete removal of protection against imports would thus inevitably lead to a decline of production which is not acceptable under land improvement aspects.

3. Processed products of peaches (ex 20.04, ex 20.05)

The Federal Government hopes to be able to remove the quantitative restrictions in the foreseeable future.

Detailed statistics are not available for the time being.

4. Processed products of apples and pears (ex 20.04, ex 20.05, ex 20.06, ex 20.07)

Production in 1969 (commercial):

Pomaceous juice: 2.4 million hectolitres

Apple purée and apple preserves: 41,800 tons

No detailed statistics available.

Consumption in 1969:

No detailed statistics available.

As a result of the German climatic and soil conditions, the better part of German fruit production consists of apples and pears. Almost one half of the German apple and pear crop has to be absorbed by the fruit processing industry. If the protection against imports of processed apple and pear products were fully abandoned, the sales prospects of German apple and pear growers would be adversely affected on a large scale jeopardizing their economic existence.

Non-cotton textiles and garments

5. The data requested for those goods for which import restrictions continue to exist in the textile and garment sector in the Federal Republic of Germany in respect of certain countries of Schedule B, may be taken from the table on page 10.

6. Reasons for maintaining the quantitative import restrictions for non-cotton textiles existing in the textiles and garment sector in the Federal Republic of Germany

- (a) In the non-cotton sector import restrictions are applied to only a few Schedule B countries. These are so-called low-price countries having a high labour cost advantage and partly handling their exports through central export organizations and subsidizing some of them. Hong Kong, Spain and Greece referred to under the category "major exporters among developing countries" in the GATT document are not subject to any restrictions.

- (b) The number of goods subject to restrictions in respect of the Schedule B countries is relatively small also in relation to the restrictions applied by the other countries; it comprises only fifteen out of a total of 113 tariff items in the textiles and garment sector.
- (c) For several years, the German textiles industry has been in a process of strong structural changes which is characterized especially by the progress of synthetic products at the expense of products made of natural fibres. This structural change is intensified by steadily rising imports. For these reasons, the textiles industry has not been in a position for a number of years to keep pace with the overall level of industrial growth. While the index of total net industrial production (1962=100) rose to 147.6 in 1969, the net production index of the textiles industry came up to only 130.0. The resultant difficulties are reflected by the declining trend in the number of employees and plants (see page 9). In those branches whose production programmes are still protected by import restrictions the situation is still more unfavourable than is reflected by the general development of the textiles industry. The "import burden" level to be coped with by the German textiles industry becomes clear if one considers that the Federal Republic imports as many textiles and garment products as the United States. Under regional policy aspects it is of special importance that large parts of the textiles industry are located either along the border with Eastern Germany or in frontier areas in order to utilize the advantages of the there existing "wage oases". In terms of social policy there are special problems in this field in so far as the share of female employees is over-proportionally high in the textiles and garment factories which, in turn, strongly reduces the mobility of labour.
- (d) Despite the aforementioned difficulties, the Federal Republic has in the past continuously extended import possibilities of goods subject to quantitative restrictions and it is prepared to continue in this direction also in the future. In addition to the normal annual quota increases, the non-cotton quotas were raised by an additional 20 per cent last year because of the relatively favourable overall economic situation; moreover, an additional global quota totalling DM 20 million was made available for a number of items. As a result of these measures, imports of non-cotton textile goods from the Schedule B countries, which come under the quantitative restrictions, increased from DM 49.4 million in 1968 to DM 80.7 million in 1969.
- (e) Those developing countries which take a special interest in the removal of the existing quantitative restrictions in the non-cotton sector are generally having better supply possibilities in the cotton sector.

It may be pointed out in this context that the import possibilities in the cotton sector will be considerably increased within the framework of the extension of the Long-Term Arrangement on Cotton Textiles.



NUMBER OF MILLS AND EMPLOYEES IN THE TEXTILES INDUSTRY

Branches whose production programmes (non-cotton) are still protected by import restrictions existing in respect of certain Schedule B countries

Branch	Protected product (tariff number)	Plants		Employees	
		1959 <sup>1</sup>	1969	1959 <sup>1</sup>	1969
<u>Textiles industry, total</u>		4,207	3,640	552,362	499,847
of which:					
Worsted yarn spinning mills	53.07 53.10	83	80	20,600	18,777
Cloth and dress material weaving mills	53.11 ex 56.07-A	354	156	41,800	21,857
Silk and velvet weaving mills	ex 56.07-A	206	137	35,849	25,449
Cotton weaving mills	ex 56.07-A 56.07-B	492	302	105,690	67,254
Jute weaving mills	57.10	24	19	4,531	2,377
Knitted and crocheted garment industry	ex 60.05	1,333	1,204	129,603	142,847

<sup>1</sup>The data for 1959 do not include West Berlin.

INFORMATION ACCORDING TO GATT DOCUMENT COM.TD/W/118 DATED 17 MARCH 1970, TO THE GROUP ON  
 RESIDUAL RESTRICTIONS OF GATT

Subject: Textiles and Garments (Non-Cotton)

BTN	STC	Import restrictions existing in the Federal Republic of Germany	1969 (\$ million)		
			Imports by the Federal Republic of Germany		
			total	of which	
				from EEC countries	from third countries
ex 53.07	651.22	Yarns of combed wool (worsted yarns) (except for so-called harsh worsted yarns)	75.9	69.1	6.8
ex 53.10	651.25	Yarns of wool or fine animal hair put up for retail sale	10.2	7.7	2.5
ex 53.11	653.21	Woven fabrics of wool (except for furniture decoration fabrics)	115.9	96.4	19.5
56.07-A	653.53	Woven fabrics of synthetic textile fibres (discontinuous)	53.5	40.9	12.6
ex 56.07-B	653.62	Woven fabrics of artificial textile fibres (discontinuous) (except for lining material)	26.4	17.6	8.8
57.10	653.4	Woven fabrics of jute	15.0	11.6	3.4
ex 60.05	841.44	Outer garments of wool or synthetic fibres	211.5	168.1	43.4
ex 61.02	841.41	Women's outer garments of wool, synthetic or artificial fibres	96.8	65.8	31.0

PART II

Comments by Delegations of Developed Countries on  
Restrictions Applied on Certain Products Listed in COM.TD/W/118/Rev.1  
Made During the Joint Working Group on Import Restrictions

(BTN 06.03) Cut flowers

Comments by Belgium

This measure protects the investments needed to ensure local production of quality flowers.

(BTN 07.01-A) Potatoes

Comments by Denmark

Restrictions are seasonal, and require a licence during the Danish season. During the remainder of the year imports are completely free. The measures are needed to protect the interests of small farmers, who have shifted to these products as the markets for the main temperate products have grown increasingly difficult in recent years. The abolition of these restrictions could only be possible if minimum price arrangements were introduced, combined with efficient safeguards against dumping. On the whole, imports during the restricted periods are for industrial purposes.

(BTN ex 20.02) Tomatoes, preserved or prepared

Comments by Japan

Tomatoes are an important item under the Selective Expansion Policy in agriculture. Climatic and other factors are not favourable to tomato production. The Government is attempting to raise the quality of Japanese tomatoes and reduce production costs. Imports cannot be liberalized, but they have increased in recent years. It is hoped that as Japanese consumers acquire a taste for these products it will be able to increase imports.

(BTN 03.02) Citrus fruit

Comments by Japan

Fruit production is one of the targets of the Selective Expansion Programme through which the Government is attempting to modernize agriculture. Due to the need to shift out of rice production and also because of the profitability of fruit production the move to create orchards has been stepped-up in recent years. It will take some time before newly planted trees will bear fruit to the full capacity. About 406,000 hectares (about 7 per cent of total open farmland) and about 300,000 farm households are engaged.

(BTN ex 20.07) Fruit juices made of apples, pears, peaches, unfermented, whether or not frozen

Comments by Austria

Since apples and grapes are restricted it is necessary to control imports of concentrated juices of these fruits. Competition is severe, forcing local industry to acquire raw materials at higher cost. The purpose of the measure is to provide adequate outlets for domestic fruit production.

Comments by Italy

The southern region producing for these products is under-developed industrially. Social factors make this measure necessary.

(BTN ex 08.06) Apples

Comments by EEC

The huge apple surplus has caused the EEC to put the above into effect as a temporary measure.<sup>1</sup> Normal production is 7 million tons. Over 300,000 tons had to be put off the market last year, and the figure will be higher this year. Normal imports amount to 800,000 tons.

(BTN ex 08.11) Apples, pears and peaches, provisionally preserved

Comments by France

This is aimed primarily at pulp of fruit that can be mixed with other prepared or preserved fruits.

(BTN ex 20.05) Apples, pears and peaches, in the form of jams, marmalades, fruit jellies, fruit purees and pastes

Comments by Japan

Measure is designed to control substitution of these products for the fruits themselves, the import of which is restricted.

(BTN 29.05) Menthol

Comments by Japan

Peppermint is an important crop of Hokkaido, because of its resistance to cold. The principal source of imports of peppermint oil is a non-GATT country and imports of crude peppermint oil in 1968 increased from 60 to 110 tons, with an import of 160 tons estimated for 1969. No other protection is offered to the producers except assistance in improvement of seed. No plans for liberalization could be announced.

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<sup>1</sup>See restrictions listed against France on page 2, COM.TD/W/118/Rev.1.

(BTN 50.04, 50.05-.07) Silk yarn

Comments by Italy

It would be difficult to predict when it might be possible to relax these restrictions although the difficulties which led to invocation of Article XIX were of a temporary character. They related, moreover, to trade with non-contracting parties and, although Italy had offered to consult, no contracting party had asked for such consultation in connexion with the escape-clause action.

(BTN ex 53.07) Worsted yarn

Comments by France

The representative of France stated that he had heard no complaints about the operation of licensing on this product.

(BTN ex 51.04) Woven fabrics of man-made fibres (continuous) ... except crêpe fabrics

Comments by the Federal Republic of Germany

There was no restriction on any country's goods unless market disruption threatened, and this explained why both the symbols LL and DL were used. Overall, imports of textiles amounted to 14.3 per cent of domestic production in 1967 and 1968, to over 18 per cent in 1969 and to over 20 per cent in the first six months of 1970. Besides a general increase in quotas of some 20 per cent, special additional possibilities exist for goods of developing countries. Social conditions necessitated such restrictions as were maintained.

(BTN 53.11) Woven fabrics of sheep's or lambs' wool

Comments by France

The representative of France noted that fibre content is no longer a valid distinction as so many mixed-fibre fabrics are in use. Reconversion of industries is in progress in some regions, especially where coal is a declining industry and some of the textile plants in the north are in fact industries which were encouraged to go into the area to relieve the unemployment situation caused by decline of coal. It will be a difficult process to find another alternative. Beyond the yarn stage, it will be difficult to envisage lifting the restrictions soon.

(BTN 57.10) Woven fabrics of jute

Comments by the European Communities

The representative of the Communities noted that liberalization of trade in jute products posed social problems in some Community countries, necessitating gradual movement in that direction. He considered that although export restraint

needed to be examined on a case-by-case basis it did nevertheless represent progress in that it gave the exporting country an opportunity to negotiate concerning amounts to be admitted; the Community objective in this case was in any event to move towards liberalization and he believed they were on the right road.

(BTN ex 61.01) Men's and boys' outer garments, not of cotton

Comments by France

Part of this item has been liberalized, as a step in the continuing process of French liberalization.

(BTN ex 61.02) Women's, girls' and infants' outer garments, not of cotton, except  
kimonos but including kimono-shaped garments

Comments by France

Part of this item has been liberalized, as a step in the continuing process of French liberalization.