

GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade and Development

Group on Residual Restrictions

REPORT OF THE GROUP ON RESIDUAL RESTRICTIONS ON ITS MEETING
FROM 28-30 JUNE 1965

1. At its meeting in March 1965, the Committee on Trade and Development decided to establish a Group on Residual Restrictions, with the following terms of reference:

"To study the material set out in document L/2336 and Addenda, COM.TD/5, and any other relevant information and, on the basis of this examination, to transmit appropriate findings and recommendations to the Committee on Trade and Development in regard to all possible action to be taken to secure elimination of residual import restrictions being maintained on the trade of the less-developed countries inconsistently with the provisions of the GATT."

2. The Group held its first meeting from 28-30 June. In addition to documents L/2336 and Addenda, and COM.TD/5, the Group also had before it COM.TD/7 and Addendum 1, setting out, inter alia information on quantitative restrictions maintained by industrialized GATT countries on products examined by, or notified to, Committee III as being of particular export interest to less-developed countries.

3. The Group did not enter into a detailed discussion of the data contained in these documents, but, instead, addressed itself to considering action which should be taken for the early elimination of residual restrictions maintained inconsistently with the provisions of the General Agreement, affecting products of export interest to less-developed countries.

4. Representatives of less-developed countries emphasized the importance they attached to the immediate elimination of restrictions on products of export interest to less-developed countries and, in particular, in regard to items which had already been examined in detail in Committee III and in the Special Group on Trade in Tropical Products. They recalled the Ministerial Conclusions of May 1963 which provided for progressive import liberalization, and the elimination of restrictions affecting these products, at the latest by 31 December 1965.

5. The representatives of Austria and Japan referred to the reservations of their Ministers, contained in paragraph 4 of the Ministerial Conclusion adopted on 21 May 1963 (MIN(63)7). They also indicated that efforts were being made by their respective Governments to reduce and eliminate such remaining restrictions.
6. Referring to products examined by Committee III, and still subject to restriction in the Federal Republic, the representative of the Federal Republic of Germany explained that it had not yet been possible to fix a target date for import liberalization, but that his Government would make further efforts to bring about the elimination of these restrictions.
7. Pointing to the consultation procedures which had formerly been in use in Sub-Committee 1 of the Action Committee, representatives of less-developed countries suggested - and the Group agreed - that discussion in the Group on a country-by-country basis with contracting parties maintaining restrictions would be useful for accelerating import liberalization. It was also suggested that the Committee on Trade and Development might wish to invite developed contracting parties which apply residual restrictions but are not members of the Group, to consult also at the Group's next meeting. To ensure a thorough examination of remaining problems, and the measures to be taken for overcoming them, it would be useful if the secretariat were to draw up an agreed time-schedule of discussions with the different countries concerned.
8. In this connexion, representatives of less-developed countries pointed again to the importance they attached to the immediate elimination of restrictions affecting products already examined by Committee III by the agreed target dates. As regards restrictions affecting these items, as well as those not yet examined in detail, they stressed the desirability of eliminating all such restrictions, at the latest by 31 December 1965. Where, in very exceptional cases, this might not be possible, the countries concerned should submit, for the next meeting of the Group, their own suggestions for a later target date, along with a specific programme of progressive import liberalization. It was pointed out that, in some cases, it might be possible for action to be taken in the Kennedy Round negotiations. In view of the fact that these restrictions were being maintained inconsistently with the provisions of the GATT, the hope was expressed that they would be removed without any further delay. On the basis of the suggestions submitted by the industrialized countries concerned, it might then be possible to draw up a more general programme for the very early elimination of residual restrictions affecting products of export interest to less-developed countries.
9. Some delegations pointed, however, to the practical difficulties which might be caused by trying to adopt a rigid programme for the removal of restrictions. One delegation expressed the view that the establishment of specified target dates might not be necessary in view of the commitments undertaken by developed countries in accepting the provisions of Part IV of the General Agreement.

10. The Group considered that it would be useful if, for the next meeting of the Group, the secretariat would prepare - with the assistance of governments concerned - a working paper, drawn up on the basis of these documents and other relevant information, giving details about quotas established in respect of restricted products, and recent data on production and imports, as well as indications from governments regarding plans for liberalization of imports of these items and any target dates for such liberalization. In this connexion it was pointed out that certain restrictions were applied in a discriminatory fashion, affecting only imports from less-developed countries. Where restrictions were applied in a discriminatory manner this should also be shown in the working paper. It was stressed that these restrictions should be eliminated without further delay.
11. Reference was also made by several delegations to quantitative import restrictions which had only recently been imposed. They requested that such cases, particularly those instances where the restrictions had been put into effect since the new Part IV of the General Agreement had been adopted, should be appropriately identified in the working paper.
12. The Group also took up briefly some aspects of the question of compensation to less-developed countries for loss of trading opportunities as a result of restrictions maintained inconsistently with the General Agreement. While stressing the importance of the early removal of quantitative restrictions, along with the envisaged reduction of tariff barriers under the Kennedy Round, representatives of less-developed countries felt that, as long as the restrictions continued to be in force, it would be appropriate and equitable that some scheme be devised for compensation to less-developed countries for the consequential loss of trading opportunities.
13. Some representatives suggested that such compensation could be effected through an accelerated reduction under the Kennedy Round of tariff barriers in respect of other products of export interest to the countries concerned, or in any other form - for instance financial compensation - to be agreed upon by the parties concerned.
14. Other representatives pointed out that the question of compensation could usefully be taken up only after the legal aspects of this matter had been examined in more detail. They recalled that a proposal for the amendment of Article XXIII of the General Agreement was under consideration in another sub-group of the Committee - the Group on Legal Amendments to the General Agreement. That proposal, which had been sponsored by Brazil and Uruguay, would also seem to be directly relevant to the proposal for compensation to less-developed countries.

15. While recognizing that it would not be possible to discuss the compensation proposal in detail at the present meeting, representatives of less-developed countries expressed the hope that contracting parties would give urgent consideration to this matter, so that it would be possible for the Group at its next meeting, to take up the relevant aspects of this question, together with the other questions falling under its terms of reference.

16. The Group agreed to meet again later this year.