

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Group on Residual Restrictions

NOTE BY THE SECRETARIAT ON THE MEETING OF THE GROUP ON RESIDUAL RESTRICTIONS HELD IN JULY 1966

Introduction

1. At its meeting held in June 1966, the Committee on Trade and Development decided that the Group on Residual Restrictions should be convened to hold country-by-country discussions with developed contracting parties regarding the restrictions maintained by them on products notified in the context of the Kennedy Round as being of export interest to developing countries and not yet examined by the Group. The Committee also took note of the recommendation adopted by the CONTRACTING PARTIES at the twenty-third session that governments applying restrictions on products notified earlier to Committee III as being of export interest to developing countries should give immediate consideration to the elimination of these restrictions and to report by June on compliance (SR.23/10, page 156). It therefore further agreed that, on the basis of the reports furnished by governments, the Group should also address itself to the question of restrictions covered by this recommendation so that the Committee, at its next meeting, may be in a position to take further appropriate action (COM.TD/24, paragraph 15).
2. Accordingly, at its third meeting, held from 13 to 15 July, the Group carried out country-by-country discussions with thirteen developed contracting parties maintaining restrictions on items notified in the context of the Kennedy Round. Further, on the basis of reports received from twelve developed contracting parties on the progress made by them in eliminating restrictions on products notified to Committee III, the Group had an exchange of views on the recommendations it might make to the Committee on Trade and Development in regard to this problem.
3. A summary of the indications received from governments regarding action taken for the elimination of remaining restrictions on Committee III items and of the information supplied in respect of restrictions on products notified in the context of the Kennedy Round, together with a summary of the main points made in the discussions relating to these matters, is set out in Section I of this note under the respective country headings. Section II takes up the general points made in relation to the further work to be undertaken for dealing with the problem of remaining restrictions on products of export interest to developing countries.

I. COUNTRY-BY-COUNTRY DISCUSSIONS

4. For the discussion on action taken in respect of remaining restrictions on Committee III items, the Group had before it document COM.TD/W/19, listing the restrictions applied by developed contracting parties on products notified earlier to Committee III as being of export interest to less-developed countries, and document COM.TD/26, containing the reports received from Switzerland, the United Kingdom and the United States. The statements made during the course of the meeting by the representatives of Austria, Belgium/Luxemburg, Denmark, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway and Sweden were summarized for the Group in secretariat document COM.TD/B/W/6.¹ As regards restrictions on items notified in the context of the Kennedy Round as being of export interest to developing countries, the Group had before it document COM.TD/B/W/5 and Addenda 1 to 4, containing information supplied by governments on the measures applied by them on the products in question, together with relevant trade and production data.

5. Discussions relating to restrictions on items notified in the context of the Kennedy Round were held with the following contracting parties: Austria, Belgium/Luxemburg, Canada, Denmark, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Sweden, the United Kingdom and the United States. The Group also took note of a communication by the Swiss authorities, transmitted to the secretariat, in which it was pointed out that the statement made in the report relating to restrictions on Committee III items - contained in document COM.TD/26 - is relevant also in respect of the restrictions on items notified in the context of the Kennedy Round. The Group was also informed of the action taken by the secretariat in accordance with the decision taken at the twenty-third session (SR.23/10, pages 156 and 157) regarding the possibility of participation of France in the work of the Committee. In this connexion the Group was informed of a communication from the French Government advising the CONTRACTING PARTIES of certain import liberalization measures which it had recently taken (L/2674).

¹The more detailed account of the reports relating to action on Committee III products contained in the present note, taking also into account amendments and corrections requested by delegations, supersedes the information set out in COM.TD/B/W/6. For further details regarding the measures applied on Committee III products, documents COM.TD/B/W/1 and Addenda, and COM.TD/B/3 and Corrigenda, prepared in connexion with the meeting of the Group held last October, are also relevant.

AUSTRIA

Report relating to restrictions on "Committee III items"

6. The representative of Austria informed the Group that the following products¹ included in the lists of Committee III will be liberalized by 1 January 1967: jute yarn; woven fabrics of jute; other carpets, carpeting, rugs, mats and matting, etc.; sacks and bags of jute; and certain furniture and parts thereof. For the second half of 1966, import quotas for these products will again be increased by 20 per cent. As of next year, of the items covered by the Committee III lists (apart from certain products falling within the purview of the Long-Term Arrangement Regarding International Trade in Cotton Textiles) only two non-agricultural items, namely: penicillin, tyrothricin; and antibiotics and medicaments containing antibiotics (items ex 29.44 and ex 30.03 respectively) will be subject to restrictions. The maintenance of restrictions on these pharmaceuticals is considered necessary to ensure that adequate supplies of these products will at all times be available (see COM.TD/B/3, page 7). As regards agricultural products, Austria had already made considerable progress in import liberalization; none of the tropical products remains subject to restrictions and many of the agricultural items remaining subject to restrictions benefit from the semi-annual 20 per cent quota increases for imports. Also, Austria had offered substantial tariff cuts for these products in the context of the Kennedy Round, in some cases more than the envisaged 50 per cent. Possibilities for Austria to act in liberalizing agricultural products depended largely on the policies affecting trade in these products which its major trading partners, mainly developed European countries, might adopt. He felt that a liberalization of these products would primarily not be to the advantage of less-developed countries. The Kennedy Round negotiations would present an important opportunity for making further efforts aimed at finding a common approach towards further liberalization of trade in agricultural products. He concluded by stating that his Government would continue to implement its import controls in as liberal a manner as possible.

Restrictions on "Kennedy Round items"

7. The representative of Austria explained that restrictions on the following products² will also be removed by the end of 1966: matches, worked monumental or building stone and other brooms and brushes. In the industrial sector, of the products under discussion, only two tariff items, namely exposed and developed cinematographic films, items 37.06 and ex 37.07, will continue to be subject to

¹The following tariff items are affected by the liberalization: 57.06, 57.10, ex 58.02, ex 62.03, ex 94.01 and ex 94.03. For a detailed product description please refer to document COM.TD/B/W/1.

²Tariff items 36.06, ex 68.02 and ex 96.02 respectively.

restrictions. The import controls on such films were applied mainly with a view to helping to preserve the country's cultural traditions. As regards agricultural products, the remaining restrictions were, in most cases, required by the Austrian law on marketing of agricultural products, and were thus covered by the reservation entered by his country to the Torquay Protocol. Only very few items in the agricultural sector remained, therefore, subject to "residual restrictions" and, generally, the developed European countries had the dominant share of trade in these items. It might, therefore, be assumed that import liberalization of these products would not primarily benefit the less-developed countries. Nevertheless, the question of what further progress in import liberalization might be possible was being examined by his authorities.

Points made in the discussion

8. Members of the Group welcomed the import liberalization measures announced by Austria and the indication given by Austria that the question of further progress in import liberalization would be kept under review. They congratulated the Austrian authorities on the progress achieved. They also expressed the hope that, as a result of the further review, the Austrian authorities would soon be in a position to announce target dates for the elimination of remaining import restrictions on products of export interest to the developing countries and that the more general efforts being made to achieve further trade liberalization in the context of the Kennedy Round would lead to an enlargement of market opportunities for the products of export interest to the developing countries.

BELGIUM/LUXEMBURG

Report relating to restrictions on "Committee III items"

9. The representative of Belgium explained that only a few products covered by the Committee III lists continued to be subject to restrictions. Among the items concerned, sugar and sugar syrups¹, would be covered by an EEC market regulation which was being drawn up. As regards the import controls on certain fishery products - affecting a few sub-positions under tariff headings 03.01 and 03.02 - and on certain cut flowers, it might be assumed that, because of the nature of the products involved, as far as the Belgian market was concerned, the measures in force would not impede exports from the developing countries. Finally as regards penicillin and medicaments containing antibiotics the restrictions, in respect of which Article XX of the General Agreement might be invoked, were being maintained to ensure that adequate supplies would be available at all times.

¹Items ex 07.01, 17.01 and ex 17.02 respectively.

10. He pointed out that the reasons for the continuing application of import controls to all of these items had been explained in more detail at the meeting of the Group held last October (see COM.TD/B/3, page 8), and that the controls were generally being applied in a liberal and flexible manner, as might also be seen from trade statistics.

Restrictions on "Kennedy Round items"

11. Of the products notified in the context of the Kennedy Round as being of export interest to developing countries, only a few products are subject to import controls, including certain fruits and vegetables (falling under tariff headings 07.01, 08.04 and 08.06 to 08.08) and flavoured or coloured sugar, syrups and molasses. The import treatment for these products was to be modified in the context of the EEC market regulations which were currently in the process of being drawn up. As regards the restrictions on certain fresh fruits, falling under Chapter 08 of the Brussels Tariff Nomenclature, and referred to above, it might be relevant to note that the same products in canned form, and thus presumably of greater export interest to distant suppliers, were liberalized. Moreover, the import controls on fresh fruits and vegetables were administered in a liberal manner, restrictions being applied only during a relatively short period each year when the domestic production reached the market.

12. It was pointed out in connexion with the import controls on hop cones and lupulin (item 12.06), that import quotas had been opened in recent years thereby further enlarging access to the markets of Belgium and Luxemburg. The control measures applicable to foals and fresh or chilled foal meat (items 01.01 and ex 02.01) were necessary for veterinary reason to ensure that the customary high quality in the production of horse meat, of which Belgium was a traditional exporter, would be maintained. Finally, in respect of mineral or chemical fertilizers (item ex 31.02-B), the possibilities for import liberalization were presently being examined in discussions between the Benelux countries.

Points made in the discussions

13. Referring to statements made at the discussions held in the Group last October, representatives from developing countries reiterated the hope that the EEC market regulations for the products concerned would be so designed and administered as to enlarge their access for these products to the EEC markets.

CANADA¹

Restrictions on "Kennedy Round items"

14. In his statement, the representative of Canada explained that of the products under discussion only certain cereals, butter and butter substitutes were subject to import control in his country. The import control measures on these products were not intended to restrict imports from the developing countries but were necessitated by the special situation in the international market for these products. Canada was an efficient producer of the items concerned and, given the present pattern of trade in these products, it seemed unlikely - as far as the Canadian market was concerned - that these controls had the effect of impeding exports from the developing countries. The restrictions were, nevertheless, presently under review in Canada and were also the subject of discussion in the context of the Kennedy Round.

15. The Group took note of the statement by the Canadian representative.

DENMARK

Reports relating to restrictions on "Committee III items"

16. The representative of Denmark informed the Group that with effect from 1 July the remaining restrictions affecting sub-positions under tariff headings ex 19.08, biscuits; ex 20.05, marmalades, jams, fruit purée and fruit pastes; and ex 64.01 and ex 64.02, certain rubber footwear, had been eliminated. This left only some agricultural items subject to restrictions. The import control measures on some of these items², namely manioc, manioc starches, beet and cane sugar, sugar syrups, molasses and tapioca, were considered to be consistent with his country's obligations under the GATT. The question of further liberalization would be kept under continuous review. A number of the products concerned had benefited from periodic quota increases.

¹This note deals only with restrictions on "Kennedy Round items" as Canada does not apply import restrictions on any of the Committee III items.

²Items ex 07.06, ex 11.08, 17.01, ex 17.02, ex 17.03 and ex 19.04 respectively.

Restrictions on "Kennedy Round items"

17. One of the products under discussion, basketwork and wickerwork, etc. (item ex 46.03) had also been liberalized on 1 July. By the end of 1966 three other products¹, namely certain chocolate, certain food preparations, and worked monumental or building stone, would also be liberalized. As a result, as of next year, all industrial products, i.e. products falling within Chapters 24 to 99 of the Brussels Tariff Nomenclature, notified as being of interest to developing countries, will have been liberalized. As regards agricultural products, the import controls affecting items falling under tariff headings 07.06, 11.05, 11.06, 11.09, 12.04, 17.05, 22.05 and 22.09 were considered to be consistent with Denmark's GATT obligations, as these measures were based on legislation in force before his country's accession to the General Agreement. The representative of Denmark indicated that the import controls affecting certain fresh fruit and vegetables (items ex 07.01, ex 08.04 to ex 08.09) and to some extent also the controls on the cereal products (items ex 10.01 and 10.03) were applied only during a specified period each year when these products came on to the market from domestic production. Several of the items concerned were moreover benefiting from periodic quota increases. As far as the Danish market was concerned, most of the agricultural items to which restrictions still applied were likely to be only of marginal export interest to the developing countries. Nevertheless, the import treatment accorded to certain agricultural products was presently under review by the competent Danish authorities with the objective of exploring possibilities for further import liberalization.

Points made in the discussion

18. Representatives of less-developed countries welcomed the import liberalization measures announced by Denmark. They expressed the hope that, as a result of the current review of the possibilities of further liberalization, the Danish authorities would find it possible to announce target dates also for the elimination of remaining restrictions on agricultural products, some of which were of considerable trade significance for the developing countries.

FEDERAL REPUBLIC OF GERMANYReports relating to restrictions on "Committee III items"

19. The representative of the Federal Republic of Germany recalled briefly the detailed explanations given by his delegation at the meeting held last October, when the question of the remaining restrictions on items notified to Committee III

¹Items ex 18.06, ex 21.07 and ex 68.02 respectively.

was discussed (see COM.TD/B/3, pages 11 to 12). He explained that, in the light of the comments then made, the question of the further progress that might be made in import liberalization was under active consideration by his authorities. Due account would be taken in this connexion of the possibility of using appropriate structural adjustment assistance measures, a matter which would shortly be taken up by the Cabinet. In regard to the control measures affecting textile items falling under tariff headings ex 51.04, ex 53.07, ex 53.11, ex 60.05, ex 61.02, it was relevant to note that these products were practically de facto liberalized, as licences were generally granted without limit in quantity or value; only for reasons of market disruption had quotas been agreed upon with some exporting countries. As far as woven carpets of coconut fibre were concerned, his Government now felt confident that it would be able to remove the restrictions on the product by the end of 1967, as he had tentatively indicated at the previous meeting of the Group. He recalled that the import restrictions on woven fabrics of jute had been the subject of discussions held recently in the context of the Kennedy Round between the Commission of the EEC and the main supplying countries. The discussions had made it clear that this was a matter of common concern to the EEC countries, and had also shown the close link between the tariff and non-tariff aspects of the problem. Possibilities for import liberalization of jute fabrics would thus depend also on the import policies of the other EEC countries. He added that, for its part, his Government would continue its efforts to increase access to the German market for this product. He pointed out that the import quota for jute fabrics had been steadily enlarged, and in 1966/67 amounted to DM2.9 million as compared to DM2.5 million in the preceding licensing period.

20. The representative of the Federal Republic explained that as far as the import controls on agricultural items were concerned it was relevant to note that the controls were in some instances mandatory under the German marketing laws. The import treatment accorded to such items as sugar and certain fruits and vegetables, was moreover liable to modification on the basis of the EEC market regulations that were being drawn up for these products. It had been the experience that the global quotas established for most of the restricted agricultural items had either not been utilized or had been taken up by suppliers from developed countries; the share of imports coming from developing countries being relatively insignificant. It seemed doubtful, therefore, whether import liberalization for these products would result in increased imports from the developing countries. The possibilities for further liberalization of trade in agricultural products would, however, be the subject of detailed discussions in the Kennedy Round.

Restrictions on "Kennedy Round items"

21. The representative of the Federal Republic informed the Group that one of the items covered by the discussion, fishing nets of synthetic materials (item ex 59.05), had recently been liberalized. For tomatoes, potatoes, apples and pears and coloured and flavoured sugar¹, EEC market regulations were in the process of being drawn up. The import controls affecting meat and offals of sheep and prepared and preserved sheep meat, etc. (items ex 01.04, ex 02.01, ex 02.06, ex 16.01 and ex 16.02), and those on hardened vegetable fats and oils and margarine, as well as those on coloured and flavoured sugar (item 17.05), were mandatory under the German marketing laws and thus - in the view of his Government - admissible under the GATT in accordance with the terms of the Torquay Protocol. The representative of the Federal Republic further stated that, given the nature of the products affected by the controls and the fact that the developed countries accounted for the bulk of trade in these items, it did not appear that the measures applied by his Government had the effect of impeding exports from the developing countries. A similar situation might be assumed to exist with respect to certain non-agricultural products notified in the context of the Kennedy Round as being of interest to the developing countries and still subject to import control in his country. As in the case of the Committee III products still subject to restrictions, the possibilities for import liberalization of the various products under discussion would be examined further in the Kennedy Round negotiations.

Points made in the discussion

22. While welcoming the statement that the German authorities intended to give further consideration in the context of the Kennedy Round to possibilities for enlarging access to the German market for products of export interest to the developing countries, representatives of less-developed countries expressed disappointment that a considerable number of items of export interest to them continued to be subject to restrictions in the Federal Republic. It was a matter of particular concern to them that the restricted list still included such items as coir carpets and woven fabrics of jute, products which had been the subject of continuous discussions in the GATT over a period of many years, and that so far for the latter product not even a target date for import liberalization had been set. Stressing the importance of some of the restricted items for the trade of developing countries, representatives from these countries urged that the German Government examine again the possibilities for speeding up import liberalization.

¹ Items ex 07.01, ex 08.06 and 17.05 respectively.

ITALYReport relating to restrictions on "Committee III items"

23. The representative of Italy pointed out that his country had traditionally followed a liberal policy as regards imports from the developing countries. This was reflected in the considerable increase in the level of imports from these countries in recent years. In 1965 imports from the developing countries, largely consisting of foodstuffs, amounted to 1,387 billion lire, an increase of 9 per cent over the preceding year. Notwithstanding Italy's unfavourable trade balance vis-à-vis the developing countries, amounting last year to 341 billion lire, his authorities were endeavouring to increase further the possibilities for access of the products of developing countries to the Italian market.

24. The representative of Italy explained that only a few of the Committee III products remained subject to restrictions. As far as bananas were concerned, Italy had obtained a waiver from the CONTRACTING PARTIES authorizing import control measures covering the period up to 31 December 1967. The import quota for bananas for the current year had been set at 300,000 tons, which was approximately 20 per cent larger than that for the previous year. Not more than one third of the quota was reserved for imports from Somalia, one of the traditional suppliers of this product to the Italian market. The global quota for soyabean oil had also been increased: this year's quota amounted to \$830,000. The controls on soyabean oil were not intended to restrict imports from the developing countries. This product was mainly exported by developed countries. The import restrictions on sulphur, sublimed sulphur, bromine, ethylene bromide and other polybromides, natural cork and cork plates and sheets¹ were also not of general interest to developing countries as might be seen from the background documentation.² In respect of natural cork, all import licence applications were being granted, and for bromine and bromide products a special quota had been opened for the one country which had notified its export interest in these items. As regards the import controls on sugar and saccharose syrup, it was relevant to note that an EEC market regulation was being drawn up. This left only a few other products subject to restrictions. The reasons for the maintenance of restrictions on fruit and vegetable juices and certain essential oils as well as certain other products had been explained in detail at the last meeting of the Group. The following additional explanations relating to import controls on date, dried fig or raisin paste (item ex 20.05) and on

¹ Items 25.03, 28.02, 28.01, ex 29.02, 45.01 and 45.02 respectively - for details see document COM.TD/B/W/1.

² See COM.TD/23

wine (item ex.22.05) might, however, be noted. The restrictions on products falling under item ex 20.05 were necessary to prevent the products concerned from being utilized for other than alimentary uses, while those on item ex 22.05 were required in the context of measures taken for improving viticulture in Italy.

Restrictions on "Kennedy Round items"

25. The representative of Italy explained that, of the products under discussion, only a few continued to be subject to restrictions. The import controls on fresh grapes for wine (item ex 08.04) and dried dates, figs and grapes (items ex 08.01, 08.03 and ex 08.04 to 08.11) were necessary for the reason given above for the related products falling under tariff headings 20.05 and ex 22.05 respectively. Imports of dried dates, figs and grapes in the traditional retail packages, such as would be of export interest to the developing countries, were liberalized. The import controls affecting certain acid oils from refining (item 15.10) were necessary to ensure that such oils would not be used for human consumption. As regards the two remaining items, the import control measures were unlikely to affect imports from the developing countries. The restrictions on one of the items - certain flour preparations, falling under item 19.02 - applied only to imports from certain State-trading countries. The last item - certain types of motor cars, ex 87.02 - was so far not of importance in exports of developing countries, at least as far as the Italian market was concerned.

Points made in the discussion:

26. The Group took note of the statement by the representative of Italy. Representatives of less-developed countries urged that further consideration be given to possibilities for removing the restrictions that the Government of Italy continued to maintain on a number of products of actual or potential export interest to developing countries.

JAPAN

Reports relating to action on "Committee III items"

27. The representative of Japan reported that cocoa powder and streptomycin had been liberalized with effect from 1 April 1966. As regards other items notified earlier to Committee III and still subject to restrictions in Japan, his Government had, in many cases, offered to increase the import quotas in the context of the Kennedy Round. These offers would be elaborated in more specific terms in the negotiations which would take due account of the export interests

of the developing countries. In some instances the import controls were necessitated by the need to provide a certain degree of protection to domestic industries against import competition from the developed countries. In other words they were directed mainly against competing imports from other developed countries. He pointed in this connexion to the progress in import liberalization already made by his country and the rapid growth of imports from the developing countries. Imports from developing countries last year amounted to approximately \$3.5 billion. His Government was keeping the possibilities for further relaxation of restrictions under constant review.

Restrictions on "Kennedy Round items"

28. The representative of Japan stated that the explanations given by him in relation to the remaining restrictions on "Committee III items" were also valid in regard to the restrictions on items notified in the context of the Kennedy Round as being of export interest to the developing countries. Quota increases in the context of the Kennedy Round had been offered for many of the products concerned.

Points made in the discussion

29. Members of the Group expressed disappointment over the failure of Japan to make greater progress in eliminating restrictions applied inconsistently with the GATT on products of export interest to developing countries. Not only was the number of products still subject to restrictions large, the restricted list also included many products of major export interest to one or more less-developed countries such as for instance, black tea, certain vegetable oils, oil cakes, and leather and leather footwear. Moreover, no target dates for the removal of these restrictions had been set. They pointed out that the indication which they welcomed that further progress in import liberalization would be made in the context of the Kennedy Round, it should be borne in mind that restrictions applied inconsistently with the GATT could not be made the subject of negotiations. They emphasized that where restrictions were not intended to keep out imports from developing countries, appropriate arrangements could be made to ensure access for these countries to the Japanese market. They also suggested that, where restrictions were being maintained on the ground that the domestic industries would be adversely affected by import competition, consideration be given to the possibilities of speeding up trade liberalization through the use of adjustment assistance measures.

30. The representative of Japan referred to the detailed explanations given at the last meeting of the Group in regard to the difficulties of liberalizing such products as black tea, leather and certain leather products. He also reiterated the assurance given by him earlier that the question of providing increased access for products of export interest to the developing countries would be kept prominently in mind by his authorities in the trade negotiations. In this connexion, it was also relevant to note that, for many of the products concerned, quota increases had been put into effect and that further quota increases might be expected as a result of the Kennedy Round negotiations.

NETHERLANDS

Reports relating to restrictions on "Committee III items"

31. The representative of the Netherlands pointed out that of the products on the Committee III lists, only four items continued to be subject to restrictions. One of the items concerned, fresh, chilled or frozen shrimps (with the exception of one special variety found in the Baltic Sea), (item ex 03.03-A) would be liberalized on 1 January 1967. He explained that this import liberalization might perhaps also have applied to certain prepared shrimps falling under tariff heading ex 16.05-A, if document COM.TD/W/19, listing the restricted Committee III products, had not inadvertently omitted this item. He would, however, contact the competent authorities in Holland with a view to ascertaining whether this item could also be liberalized as of the beginning of next year. The only other Committee III items subject to restriction were penicillin, and medicaments containing penicillin, items 29.34 and ex 30.03 respectively. The reason for the maintenance of restrictions on these items, which were analogous to those mentioned earlier by the representative of Belgium, had been explained fully in the discussions held last October (COM.TD/B/3, page 19).

Restrictions on "Kennedy Round items"

32. The representative of the Netherlands stated that one of the two items notified in the context of the Kennedy Round, and shown in the background documentation as subject to restrictions, namely meat and edible offals of horses, (item ex 02.01) had been liberalized on 1 July. Import liberalization of the other product, certain mineral or chemical fertilizers (item 31.02), was being examined by the Netherlands authorities in consultation with the competent authorities of the other Benelux countries. He added that import controls affecting this item were already being administered in a liberal manner and were thus unlikely to have impeded imports from the developing countries.

33. The Group took note of the statement and expressed its appreciation of the further import liberalization measures announced by the Netherlands.

NORWAY

Report relating to restrictions on "Committee III items"

34. The representative of Norway stated that, with only one minor exception, which did not affect any of the items on the Committee III lists, Norway maintained no quantitative restrictions on industrial products. The remaining import controls on agricultural products were part of Norway's overall agricultural policy. This policy aimed, among other things, at a limitation of that part of the farm production which exceeded domestic consumption. In addition to its offer in the Kennedy Round for a 50 per cent linear cut without exceptions on industrial products, Norway had tabled a comprehensive offer in the agricultural sector. Pending the final outcome of these negotiations, it would not be possible to give any detailed indication as to future import conditions.

Restrictions on "Kennedy Round items"

35. The representative of Norway explained that the comments made above in relation to restrictions on Committee III items applied to these items also.

36. The Group took note of the statement by the representative of Norway.

SWEDEN

Reports relating to restrictions on "Committee III items"

37. The representative of Sweden stated that one of the items covered by the recommendation, herring, had recently been transferred to the general licensing list, e.g. imports of herring (other than Baltic herring) were now de facto liberalized. Only a few agricultural and fishery items, namely cod, Baltic herring, mackerel, scrapfish, and fillets thereof; eggs not in shell, and egg yolks; manioc starches; and raw and refined sugar continued to be subject to licensing control.¹ He explained that the controls were being maintained to prevent disruption of the market and sudden unforeseen developments. The licensing controls were administered in a liberal manner so that it appeared unlikely that they had the effect of impeding exports from developing countries. He added that the import policy measures affecting agricultural products were currently under review by his authorities on the

¹Items ex 03.01, ex 03.02, ex 04.05, ex 11.08 and 17.01

basis of recommendations regarding future policy elaborated by a special committee. The trade interests of developing countries would undoubtedly be given sympathetic consideration in any changes in import policy which his Government might wish to adopt.

Restrictions on "Kennedy Round items"

38. The representative of Sweden stated that only certain meats and meat products¹, and preserved and prepared cream and milk, continued to be subject to import control. Generally the comments made in relation to restrictions on Committee III items also applied to these items. He pointed out that as far as the Swedish market was concerned, some of the products affected by the licensing controls might only be of marginal export interest to the developing countries.

39. The Group took note of the statement by the representative of Sweden.

SWITZERLAND

40. The Group took note of the report submitted by Switzerland - set out in document COM.TD/26 - regarding the restrictions applied by it on products of export interest to developing countries.²

UNITED KINGDOM

Report relating to restrictions on "Committee III items"

41. The report by the United Kingdom relating to the remaining restrictions on Committee III products was before the Group in document COM.TD/26. In introducing the report, the representative of the United Kingdom explained that the controls affecting imports from certain sources of bananas, fresh and canned grapefruit, grapefruit juice, orange juice and cigars, were applied in the interest of a number of less-developed countries and not for the protection of British industry. As regards the import controls on certain jute cloth, (item ex 57.10) and new sacks and bags of jute (ex 62.03), the United Kingdom representative recalled briefly the particular difficulties facing the British jute industry which was concentrated in a single town where it provided work for approximately one fifth of the local population. The United Kingdom was aware that the ultimate solution would lie in the diversification of industry in that area and the Government had been working towards that objective with some success. Continuous efforts were being made to achieve a further reduction of the protection accorded to the jute industry and towards increasing import opportunities. The United Kingdom authorities intend to review the existing import arrangements during 1967.

¹Falling under tariff headings ex 02.01 to ex 02.03, ex 02.06 and ex 16.02.

²For details regarding the restrictions applied by Switzerland see L/2588, dated March 1966.

Restrictions on "Kennedy Round items"

42. Import controls on rum (item ex 22.09) were also being maintained in the interest of certain less-developed countries which were traditional suppliers of this product to the United Kingdom. In the case of the other items on this second list, the major trade interest lay with the developed countries. Import controls on apples and pears (item 08.06) stemmed from the problems of the world market for these fruits. The question of import liberalization for apples and pears might best be dealt with in multilateral discussions between all the major producing countries. The Kennedy Round might offer an opportunity for such discussions. The problem of remaining restriction on certain pigmeat and pigmeat products (items ex 02.01, ex 02.06 and ex 16.02) could also most profitably be taken up in the context of the Kennedy Round negotiations. Similarly the problem of butter (item ex 04.03) fell within the ambit of the Kennedy Round Dairy Products Group.

Points made in the discussion

43. The Group took note of the statement by the United Kingdom representative. The representative of a developing country suggested that control measures of the United Kingdom affecting cotton textiles not covered by the Long-Term Arrangement should also be reported to the Group on Residual Restrictions. The matter was not pursued further in the meeting.

UNITED STATESReport relating to restrictions on "Committee III items"

44. The report submitted by the United States relating to the remaining restrictions on Committee III products was before the Group in document COM.TD/26. The report points out that the remaining restrictions on sugar, cotton and peanuts¹ are admissible under the terms on which the United States is applying the General Agreement. The restrictions are, however, subject to careful examination and annual consultation in the GATT.

Restrictions on "Kennedy Round items"

45. The only products notified in the context of the Kennedy Round as being of export interest to developing countries which are subject to restrictions in the United States are wheat, wheat flour and certain wheat products. The United States representative explained that the measures were covered by the provisions of Article XI:2 and by a waiver which the CONTRACTING PARTIES had granted to the

¹The restrictions on another Committee III item - unwrought lead - were eliminated since the Group on Residual Restrictions last met, and possibilities for access to the American market in respect of sugar were enlarged (see COM.TD/B/W/1/Corr.1).

United States; The price support programme for United States wheat producers was not only complemented by import quotas but also closely linked with rather stringent acreage controls. However, because of the present situation in the international wheat market and the considerable decline in the wheat stocks held by the United States, his Government had authorized for the coming year a 15 per cent increase in the acreage under wheat cultivation. This should permit the wheat stocks to be brought up to the required level and also help in satisfying world wheat requirements which were partly being met through United States exports effected on concessional terms for the benefit of less-developed countries.

46. The Group took note of the report and statement by the United States representative.

II. GENERAL

47. The Group welcomed the further progress made by a number of developed contracting parties in eliminating restrictions on products of export interest to developing countries and the indications given by some of these countries of the measures taken to achieve import liberalization for certain other products by specified target dates. The Group, however, noted that a number of items covered by the recommendation adopted by the CONTRACTING PARTIES at their last session remained subject to restrictions.

48. Representatives of developing countries expressed disappointment at the fact that several developed contracting parties maintaining restrictions inconsistently with their obligations under the GATT on products of export interest to the developing countries had not found it possible to give a specific indication of the measures they envisaged to take to deal with the problem of remaining restrictions, or to announce specified target dates for the elimination of restrictions or the other positive measures they had in view. Such specific indications would be required for a meaningful discussion of this matter, so that the Committee on Trade and Development, as instructed by the CONTRACTING PARTIES, could consider what recommendations it might make. In this connexion they recalled the very firm recommendation agreed upon at the twenty-third session regarding restrictions inconsistent with GATT and the value of adjustment assistance measures. They urged, therefore, that governments concerned should give again consideration to this matter and submit such supplementary reports as may be required. To facilitate the work of the Committee on Trade and Development, the Group might reconvene immediately prior to the next meeting of the Committee and examine, on the basis of the additional indications received, the further action required to help resolve the problems arising for the trade of the developing countries from the maintenance of restrictions on products of export interest to them.

49. Representatives of certain developed countries commented that the problems varied from item to item and that it might not be appropriate to attempt to announce specific target dates with regard to some of the residual restrictions. They therefore suggested that, before recommendations could be arrived at, it might be necessary for rather more analytical work to be carried out on the problems raised by the remaining restrictions; not merely as to who would benefit most from their removal but also as to the real reasons for their retention.

50. Referring to the indications given by representatives from developed contracting parties in the country-by-country discussions that their authorities intend to make further progress in import liberalization in the context of the Kennedy Round, representatives of less-developed countries expressed the hope that the current trade negotiations would lead to further significant progress being made in enlarging the trade opportunities for less-developed countries. They pointed out, however, that, much as they welcomed the efforts being made in this direction by the countries concerned, it should also be borne in mind that restrictions which were being applied inconsistently with the GATT should not be made the subject of negotiation and that import liberalization measures should not be delayed until after the conclusion of the current trade negotiations.

51. Representatives of developing countries noted that, in a number of cases, contracting parties had stated that the restrictions applied by them on some of the items were not directed against imports from developing countries but were needed to provide some protection to domestic industries against imports from other developed countries. They expressed the hope that, pending full import liberalization of the products concerned, the authorities of these countries would make the necessary arrangements to ensure that the restrictions would be so administered as not to impede imports from developing countries. For instance, it might be possible to establish sub-positions in the tariff for the types of products exported by the developing countries and to liberalize these sub-positions.

52. Some members of the Group expressed the view that, in some instances, for example in relation to easily perishable fruits and vegetables, the export interest of the developing countries might be relevant only with respect to certain markets which, by reason of geographic proximity or other relevant considerations, would seem to provide reasonable prospects for the development of trade in the item or items concerned. Thus, there might be merit in ascertaining from the developing countries which had notified these products the markets which they considered to be of particular interest to them. It was also suggested that, to facilitate the further work of the Group, it might be useful if a distinction were made between restrictions on industrial products and those on agricultural products, as international trade in agricultural products is often characterized by special conditions and by complex requirements of national legislation.

53. While recognizing that restrictions on some items were obviously of greater hindrance to the overall development of trade between less-developed and developed countries than those on other items, representatives of less-developed countries pointed to the importance of free access to world markets not only for their traditional exports but also for the newer lines of their export production. As regards the proposed distinction between restrictions on agricultural products and those on industrial products, it was important to bear in mind that many less-developed countries continued to depend on one or more agricultural products for the major share of their foreign exchange earnings.

54. Some members of the Group expressed the view that further work on the problem of remaining restrictions would be facilitated if a comprehensive paper were to be drawn up by the secretariat distinguishing between restrictions applied in conformity with the GATT and those which are inconsistent with the GATT. Other members of the Group pointed out that, while the availability of further material on the nature and legal status of the restrictions applied by different countries might be useful in the context of multilateral discussions, such as those being held in the Group, the governments applying these restrictions were fully aware of the various reasons, including those of a legal nature, underlying their decision to impose restrictions on the products concerned. These governments should, therefore, give immediate consideration to the steps they could take to overcome difficulties in the way of further liberalization. Moreover, while it was relevant to make a distinction between restrictions applied in conformity, and those which were inconsistent with the GATT, it would also be relevant to bear in mind the more general obligations assumed by contracting parties under Part IV with regard to the reduction and elimination of barriers on products currently or potentially of particular export interest to less-developed contracting parties. They expressed the hope, therefore, that the compilation of further material would not delay action by governments to remove the restrictions.

55. The Group agreed to reconvene for a short meeting immediately prior to the next meeting of the Committee on Trade and Development, to consider, on the basis of any additional reports from governments which might by then have become available and any other relevant data, what findings it can transmit to the Committee on the question of remaining restrictions on products of export interest to less-developed countries.

56. The secretariat was requested to invite governments continuing to apply restrictions on products of export interest to the developing countries to give urgent consideration to further action to eliminate these restrictions and the steps they would wish to propose for dealing with the problem of remaining restrictions. The hope was also expressed that governments maintaining restrictions on products of export interest to developing countries which had not so far discussed with the Group the possibilities for the early relaxation and removal of such restrictions would find it possible to do so, in conformity with the invitation extended to them by the CONTRACTING PARTIES (SR.23/10, pages 156-157).

57. The secretariat was instructed to prepare with the assistance of governments concerned, as appropriate, a paper indicating the legal status under the GATT of the restrictions applied by different countries on products notified as being of export interest to the developing countries.

58. The Group agreed, that the points made at the present meeting, together with the material furnished by governments, should be transmitted to the Trade Negotiations Committee for information.