

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/B/6

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Committee on Trade and Development

REPORT OF THE GROUP ON RESIDUAL RESTRICTIONS

1. Since submitting its last report (COM.TD/B/3) the Group has met on two occasions, namely from 13 to 15 July and on 17 and 18 October 1966.¹ As instructed by the Committee on Trade and Development (COM.TD/24, paragraph 15) the Group has applied itself to two main tasks: (i) the conduct of country-by-country discussions with developed contracting parties on restrictions on products notified in the context of the Kennedy Round as being of export interest to developing countries; and (ii) a preliminary examination of reports sent by developed countries in response to the recommendation adopted by the CONTRACTING PARTIES at the twenty-third session that governments applying restrictions on products notified to Committee III give immediate consideration to the elimination of these restrictions and to report by June on compliance.

2. With regard to point (i), the Group has held country-by-country discussion on restrictions affecting Kennedy Round items with Austria, Belgium-Luxemburg, Canada, Denmark, the Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Sweden, the United Kingdom and the United States. As regards point (ii), the Group, in the course of those country-by-country discussions, held in July, also examined with the governments concerned the remaining restrictions on Committee III products, in certain cases based on written reports previously received from the government (cf. COM.TD/26). The information obtained through these discussions has been summarized in a secretariat note (COM.TD/B/4). In view of the fact that certain governments applying the restrictions were yet unable to remove them or to announce a date for their removal, the Group decided to invite the governments once again to give urgent consideration to this matter and to report by September 1966. The Group would reconvene immediately prior to the next meeting of the Committee on Trade and Development to examine any new responses that might be received. In October the Group once again discussed the remaining restrictions with the contracting parties concerned, some of which had submitted an additional written report (cf. COM.TD/29).

¹At the October meeting, the Group was informed that its Chairman, Mr. C.H.J. Amaratunga (Ceylon), having been transferred to a new duty station, was unable to continue to chair the Group. The Group expressed appreciation of the able and efficient manner in which Mr. Amaratunga had guided the Group's work. Mr. A. Patriota (Brazil) was elected to chair the meeting.

3. The Group has found that since the twenty-third session steps to remove certain import restrictions affecting Committee III restrictions have been taken by the Governments of Denmark, the Federal Republic of Germany, Japan and Sweden; and that target dates for the removal of certain restrictions on Committee III items have been announced by Austria, Denmark, the Federal Republic of Germany and the Netherlands. Furthermore, import liberalization measures or target dates for the removal of restrictions on Kennedy Round items have been announced by Austria, Denmark, the Federal Republic of Germany and the Netherlands. In certain cases the governments stated that the possibility of removing or relaxing the restrictions was being actively considered, either within the framework of the Kennedy Round negotiations or in the context of a general review of the country's commercial or agricultural policy. The Group welcomes the measures of liberalization. It is to be regretted, however, that restrictions inconsistent with the GATT continue to be applied in many instances and that, on the whole, contracting parties maintaining such restrictions have been unable to indicate specific dates for the removal of them or to announce measures to deal with the problem.

4. A list of the restrictions that continue to be applied on products notified as being of export interest to developing countries, including references to their legal justifications and target dates for their removal, compiled by the secretariat at the request of the Group, is contained in COM.TD/B/W/7. Discussions in the Group at its July and October meetings are summarized in the secretariat notes contained in COM.TD/B/4 and 5. These documents are presented by the Group as an integral part of its report to the Committee.

5. In the light of the information obtained through written reports submitted by contracting parties or in the course of the discussion at its meetings, the Group considered what findings it could transmit to the Committee on the remaining restrictions in general. The Group recalled that the Committee, in requesting the CONTRACTING PARTIES to consider how best to deal with the remaining restrictions which were inconsistent with GATT provisions, had suggested that they "might consider whether contracting parties maintaining such restrictions should be invited, as part of a comprehensive review of the position, to give an indication of solutions which they themselves might propose for dealing with the problem. For instance, they may wish to adopt agreed liberalization programmes with specified target dates, or they may decide to have recourse to the waiver procedures" (L/2614, paragraph 19). The Group kept these possibilities in mind in its discussions.

6. Certain developed contracting parties were of the view that further progress could now be made, consistently with the procedures of the GATT, if the discussions were pursued on the basis of real interests affected. They felt that the established procedures for consultations had proved to be capable of contributing to the solution of concrete problems created.

7. Developing countries expressed the view that the existing procedures, though useful in some cases, had not been effective in securing the removal of the more obdurate type of restrictions which directly affected certain traditional exports of developing countries. The commitments undertaken by developed countries under Part IV, in their view, should have the effect of accelerating the process of trade liberalization in the interest of developing countries particularly since many of the restrictions had already been the subject of lengthy and detailed discussions and had been clearly shown to have detrimental effects on the exports of developing countries. The developing countries expressed great disappointment at the fact that, apart from the announcement of target dates for the liberalization of certain products, no contracting party maintaining such restrictions had, in their view, given an indication of the solutions which it might propose for dealing with the problem still existing in respect to residual restrictions. While consultations could provide a forum in which the solutions could be discussed, it was important that the solutions should first be proposed by the contracting parties maintaining such restrictions. As regards the suggestion that the question of residual restrictions could be pursued on the basis of real interest affected, it was pointed out by the developing countries that the mere maintenance of these restrictions inconsistent with the GATT acted as a significant impediment to the development of the export trade of the developing countries. Where restrictions were maintained because of fears of imports from developed countries consideration should be given to restricting imports from the developed countries and liberalizing imports from the developing countries. As regards the import control procedures themselves, it was suggested that in certain cases a developed country might, as a first step, dispense with its import controls by relying instead on export controls on the products concerned administered by the exporting countries.

8. At the twenty-third session the CONTRACTING PARTIES had agreed that governments which had not yet undertaken to apply Part IV of the Agreement should be urged to participate in the work of the Committee on Trade and Development and to co-operate with it in the exploration of possibilities of liberalizing their imports in so far as these were of concern to the Committee (SR.23/10, pages 156-7). The Group was advised that France, which had not accepted Part IV or the Declaration on its de facto application, had not responded to this suggestion from the CONTRACTING PARTIES. The secretariat had sent an enquiry to the French delegation on this subject with a request for information on the French restrictions. No replies to this enquiry had reached the secretariat, but the Group noted that France had recently removed a number of restrictions, including restrictions on products under discussion in the Group (L/2674). The Group noted that in seeking redress with regard to restrictions applied by a contracting party not participating in the work of the Committee on Trade and Development, a contracting party would have to resort to the procedures adopted by the CONTRACTING PARTIES in 1960 for dealing with residual restrictions (BISD, 9th supplement, pages 19-20). Attention was drawn in this connexion also to the Decision of 5 April 1966 on procedures under Article XXIII. The Group expressed disappointment at the lack of response to the recommendation made by the CONTRACTING PARTIES at the twenty-third session as noted above. In the circumstance, it was suggested that the Committee on Trade and Development might wish to give further consideration to the proposal made earlier regarding the need for adjustments in the procedural and institutional arrangements (BISD, 14th supplement, page 133).