

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

Special Distribution

Group on Quantitative Restrictions
and Other Non-Tariff Measures

REPORT

Second Draft

1. The Group's mandate and terms of reference, which were agreed by Ministers in November 1982, are as follows:

- (i) To review existing quantitative restrictions and other non-tariff measures, the grounds on which these are maintained, and their conformity with the provisions of the General Agreement, so as to achieve the elimination of quantitative restrictions which are not in conformity with the General Agreement or their being brought into conformity with the General Agreement, and also to achieve progress in liberalizing other quantitative restrictions and non-tariff measures, adequate attention being given to the need for action on quantitative restrictions and other measures affecting products of particular export interest to developing countries; and
- (ii) To make progress reports to the Council. The Group's complete report containing its findings and conclusions should be available for consideration by the CONTRACTING PARTIES at their 1984 session.

2. The Group met on 10 March, 21 October, 5-8 December 1983, 22 March, 7 May, 2 July, 27 September and 15 and 16 [and -] October 1984 under the Chairmanship of Ambassador A. Onkelinx (Belgium). This report sets out the main points which the Group wishes to place before the Council. A full account of the discussions at these meetings will be found in NTM/2 to [-].

3. The Group established a three-stage approach to its work on quantitative restrictions and other non-tariff measures:

Stage I: Compilation of an adequate information base for the work of the Group;

Stage II: Review of existing quantitative restrictions and other non-tariff measures, the grounds on which these are maintained, and their conformity with the provisions of the General Agreement, so as to achieve the elimination of quantitative restrictions which are not in conformity with the General Agreement or their being brought into conformity with the General Agreement, and also to achieve progress in liberalizing other quantitative restrictions and non-tariff measures; and

Stage III: Consideration of the Group's findings and conclusions, and preparation of its final report.

The work on quantitative restrictions and other non-tariff measures proceeded in parallel at each stage. The Group agreed that adequate attention would be given to the need for action on quantitative restrictions and other measures affecting products of particular export interest to developing countries at each stage of the Group's work.

4. The Group's establishment and any work carried out by it, including the presentation, examination and discussion of quantitative restrictions and other non-tariff measures, were without prejudice to the rights and obligations of contracting parties under the GATT and to any action already taken by the CONTRACTING PARTIES.

5. For practical reasons, the report is divided into two main parts, Quantitative Restrictions and Other Non-Tariff Measures. This division does not prejudice the essential link which exists between quantitative restrictions and other non-tariff measures as quantitative restrictions are merely one type of non-tariff measure - although an important type singled out by Ministers. The search for solutions to problems in the field of quantitative restrictions and other non-tariff measures should be pursued with due regard to this link. The contents of the report are organized as follows:

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A. Quantitative restrictions

6. The main information base drawn up by the Group is contained in NTM/W/6/Rev.2 and Addenda. This comprises notifications made by contracting parties of measures that they themselves apply. It relates to all products. The information which it contains on quantitative restrictions affecting agricultural products was taken over in the main from the documentation of the Committee on Trade in Agriculture (AG/DOC/- and AG/FOR/- series). It lists in the country notes some of the bilateral agreements concluded in the context of the Arrangement Regarding International Trade in Textiles (often referred to as the Multi Fibre Arrangement or MFA). The details on restrictions applied in the context of the MFA will be found in the COM.TEX/SB/- series.

7. The NTM/W/6/- documentation is supplemented by Part IV of the Inventory of Non-Tariff Measures (Industrial Products) (NTM/INV/IV and Addenda) containing notifications made by contracting parties of quantitative restrictions applied by other contracting parties.

8. Products of export interest to developing countries are listed in NTM/W/4/Rev.3 and identified in the tables of the NTM/W/6/- documentation. The list was originally based on products identified in the documentation of the Committee on Trade and Development and any additions suggested by developing countries have been included. Developing countries have reserved the right to amend the list, in particular in the context of

changing conditions. It was agreed that the list would be taken into account at each stage of the Group's work. Some delegations suggested that further analyses should be made e.g. of the protective effect of quantitative restrictions affecting products of particular export interest to developing countries.

9. An analysis of the Group's documentation on quantitative restrictions is contained in NTM/W/9, a note prepared by the secretariat on its own responsibility.

10. The Group noted that the NTM/W/6/- documentation aimed to provide information about all ninety-two contracting parties (including two governments which have acceded provisionally, and counting the member States of the European Community as ten).

- eight contracting parties have not supplied any information;
- the remaining eighty-four contracting parties have supplied information on quantitative restrictions which they maintain; of these:
 - two contracting parties have stated that they maintain no quantitative restrictions¹;
 - fifty-three contracting parties have supplied detailed information on all product sectors;
 - four contracting parties have supplied detailed information on certain product groups only;
 - the remaining twenty-five contracting parties have supplied information of a non-specific nature only.

Information submitted in terms of the CCCN is included in the detailed tables of the NTM/W/6/- documentation. General information is included in the Country Notes, which cover all contracting parties. An overview of the information available is contained in Annex 1 to the report. The fifty-three contracting parties for which specific information is available on all product sectors account for a very large percentage of trade of all contracting parties.

11. An examination of the information submitted revealed that, in a number of cases, data is old and presumably out of date. The Group noted that, for instance, in the case of twenty-one contracting parties the latest information supplied dated from the 1960's. In other cases, while much more recent information has been supplied, it appeared that the import régime had since been significantly modified.

12. The Group examined the detailed information contained in the tables of NTM/W/6/- documentation CCCN product section by product section. It was noted that the areas of agriculture, textiles and iron and steel were among those severely affected by quantitative restrictions.

¹In addition, the United Kingdom, on behalf of Hong Kong, has also indicated that Hong Kong has no quantitative restrictions.

13. Some delegations noted the absence of a number of specific restrictions in the field of agriculture from the NTM/W/6/- documentation.

14. The Group noted that in a number of cases, the notifications reproduced in the tables have not been made in sufficient detail to identify the specific products subject to restriction, e.g. the tariff lines affected have not been specified.

15. Some delegations noted that the exact nature of certain restrictions referred to in the NTM/W/6/- tables remained unclear, particularly because a number of existing symbols used are general in nature (e.g. R, "restriction unspecified"; L, "licensing"; Q, "quota") and others open to different interpretations (e.g. LL, "liberal licensing"). One delegation drew attention to the fact that the symbols used in the documentation were those suggested as a guide by the secretariat in NTM/W/5 and that the meaning of those symbols had been specified in the statements of some delegations.

16. The Group also reviewed the notifications made on quantitative restrictions in the Inventories of Non-Tariff Measures. It was noted that some quantitative restrictions had been notified which did not figure in the NTM/W/6/- documentation. These include a significant number of notifications of quantitative restrictions affecting imports from certain contracting parties only.

17. Some delegations pointed out that there was need for the data base to be as balanced and comprehensive as possible. It was suggested that the secretariat might prepare a single, comprehensive document covering both quantitative restrictions and other non-tariff measures, which would summarize the information contained in the NTM/W/6/- documentation and the Inventories of Non-Tariff Measures so as to present a clearer overall picture on a country-by-country basis.

18. It was recalled that the Group's mandate called upon it to "review existing quantitative restrictions and other non-tariff measures, the grounds on which these are maintained and their conformity with the provisions of the General Agreement, ...". Accordingly the Group conducted a review of the grounds and GATT justifications advanced in respect of quantitative restrictions maintained by all contracting parties. A summary of these is given in Annex 2 to the report.

19. Many contracting parties gave specific economic and socio-cultural grounds for the maintenance of their quantitative restrictions. Some delegations believed that the grounds and GATT conformity of quantitative restrictions could only be seen in the context of the history of discussion, consultation and negotiations on quantitative restrictions since the early days of GATT and that, as on past occasions, due account would have to be taken of the historical, economic and socio-cultural situation in each sector. Other delegations held the view that these considerations were irrelevant, that two recent Article XXIII panel reports had confirmed that historical, economic and socio-cultural grounds could not be used to justify the maintenance of quantitative restrictions and that, in accordance with its terms of reference, the Group should concentrate on identifying the measures which were not in conformity with the General Agreement, with a view to achieving their elimination or their being brought into conformity with the General Agreement.

20. The principal GATT provisions advanced in NTM/W/6/Rev.2 as justifying the maintenance of quantitative restrictions were: Article VIII, Article XI:2(c), Article XII, Article XIII:1, Article XVII, Article XVIII:B, Article XVIII:C, Article XIX, Article XX, Article XXI, Article XXV:5, the Protocol of Provisional Application, Protocols of Accession and the Agreement on Import Licensing Procedures.
21. No GATT justification was advanced for some of the quantitative restrictions notified. Some contracting parties did not participate in the Group and had not provided information on this point. In other cases, the contracting party concerned indicated that it was not citing a GATT justification for some or all of its restrictions. In the area of industrial products (excluding textiles), the Group agreed that the mention "No GATT Article/Provision cited" should appear in the NTM/W/6/- documentation against the measures for which no justification was given in terms of the GATT (NTM/5, paragraph 26). Some delegations said that, in view of the discussions in the Group and the Group's mandate, this phrase should be inserted against all quantitative restrictions in respect of which no GATT justification was given. Some other delegations argued that, while discussions were going on in the Committee on Trade in Agriculture which might lead to certain changes in GATT rules, it would be premature to insert this phrase against quantitative restrictions on agricultural products, even if no justification had been cited. Some delegations did not wish to see this phrase used against quantitative restrictions on textile products in the table. For measures in the areas of agriculture and textiles, where no GATT article or provision has been cited, column 6 of the NTM/W/6/- documentation has therefore been left unfilled.
22. Some delegations stated that all quantitative restrictions for which no GATT Article/Provision was cited should be presumed to be contrary to the GATT unless an acceptable GATT justification was produced by the government maintaining the measure. Other delegations saw difficulties with such an absolute differentiation between measures in the absence of complete information on the nature and justification of all existing restrictions.
23. The Group discussed this point in some detail. Speaking at the end of this discussion, the Chairman said that only the CONTRACTING PARTIES could pronounce definitively on the conformity of a measure with the provisions of the GATT. The CONTRACTING PARTIES had, however, asked the Group to review the conformity of existing quantitative restrictions with these provisions. He suggested that while the Group could not arrive at a completely clear-cut and absolute differentiation between "legal" and "illegal" measures, it might use the following suggestions as a working hypothesis. The fact that no GATT article or provision had been cited to justify the existence of a quantitative restriction should not ipso facto signify that the restriction was not in conformity with the GATT. However, in the context of the Group's work, it was the responsibility of contracting parties maintaining quantitative restrictions to cite GATT justifications for them if they wished to argue that they were in conformity with the GATT. Accordingly, if no GATT justification were advanced, the working hypothesis would be that the measures were not in conformity with the GATT.
24. The Chairman continued his suggestions by saying that, conversely, the fact that a GATT justification had been advanced by the contracting party

maintaining the quantitative restriction should not ipso facto signify that the measure was in conformity with the GATT. Again in the context of the Group's work, it was the responsibility of other contracting parties to challenge a particular GATT justification if they considered that the measure concerned was not in conformity with the GATT and to state their reasons for so doing. So long as a GATT justification were not challenged, the working hypothesis would be that the measure was in conformity with the GATT, it being understood that the right to challenge any GATT justification for any measure is open to all contracting parties at any time.

25. Some delegations doubted whether the Chairman's suggestions would be the most fruitful way to advance the process of liberalization of quantitative restrictions and other non-tariff measures, which these delegations regarded as the primary task of the Group. These delegations considered that the establishment of a working hypothesis regarding GATT conformity or otherwise of quantitative restrictions could not, of itself, change a situation which had existed since the inception of the General Agreement.

26. Some delegations questioned whether the provisions of Article VIII, relating to fees and formalities, Article XIII:1 relating to the non-discriminatory administration of quantitative restrictions, Article XVII relating to State Trading Enterprises or of the Agreement on Import Licensing Procedures could in themselves justify the maintenance of quantitative restrictions. The grounds and GATT justifications for certain measures in the area of agriculture were questioned by some contracting parties. Some delegations questioned the invocation of Article XIX as a justification for a few specific quantitative restrictions. The invocation of its protocol of accession by one contracting party was also questioned by one delegation.

27. It was pointed out that GATT provisions permitting the maintenance of quantitative restrictions could be invoked if the relevant conditions laid down in these provisions were in fact met and if the relevant procedures were followed. In this connection, some delegations suggested, for instance, that developing countries which had cited balance-of-payments difficulties or the needs of economic development as grounds for the maintenance of quantitative restrictions might consider whether it would be appropriate for them to invoke Article XVIII:B or Article XVIII:C respectively.

28. It was recalled that the Group's mandate called upon it to "review existing quantitative restrictions ... so as to achieve the elimination of quantitative restrictions which are not in conformity with the General Agreement or their being brought into conformity with the General Agreement, and also to achieve progress in liberalizing other quantitative restrictions, adequate attention being given to the need for action on quantitative restrictions and other measures affecting products of particular export interest to developing countries".

29. The Group welcomed the fact that some members had already eliminated certain measures. The EEC had eliminated eight quantitative restrictions since 1 January 1982, not including the termination of Article XXIII actions. During the life-time of the Group, Hungary had abolished restrictions temporarily imposed under Article XII on some thirteen 4-digit CCCN headings. In July 1984 the Republic of Korea had liberalized 352

items (at the 8-digit CCCN level) from temporary restrictions imposed under Article XVIII:B. New Zealand had exempted some eighty tariff items on 1 July 1984. Since the establishment of the Group, Norway had abolished discriminatory restrictions under some twenty 4-digit CCCN headings and phased out a number of other restrictions on its accession to the MFA. In January 1984, South Africa pursued its liberalization of import controls under some 200 4-digit CCCN headings, including the complete liberalization of some seventy headings. Since the establishment of the Group, Sweden had terminated restrictions on two tariff items. Some delegations had informed the Group of their plans for further liberalization (Japan, Republic of Korea, New Zealand, South Africa). It was suggested that other contracting parties who felt themselves in a position to announce a programme of elimination or liberalization of restrictions maintained by them should do so as soon as possible. In this connection reference was also made to proposals for a standstill on new restrictions.

30. The Group noted that the mandate was a general one and did not exclude restrictions in any sector but that work in other GATT bodies would need to be taken into account. Some delegations explicitly reserved the right to raise questions relating to quantitative restrictions in agriculture and textiles in the Group at any time. Other delegations said that these questions would be more appropriately dealt with in the GATT bodies specifically dealing with these subjects, i.e. the Committee on Trade in Agriculture, the Textiles Committee and the Working Party on Textiles and Clothing.

31. Some delegations added that, in any event, the areas of agriculture, textiles, and iron and steel should be given particular attention in the context of future work on quantitative restrictions as these areas were among those severely affected by restrictions.

32. Some delegations stressed the need for priority attention to the elimination of quantitative restrictions affecting the export interests of developing countries. It was also noted that, if quantitative restrictions were removed immediately, the question of additional action on quantitative restrictions of particular export interest to developing countries would not arise. If this were not the case, however, special and differential treatment for developing-country suppliers might be considered (e.g. a standstill agreement with a time-bound programme of action or a more rapid liberalization of imports from all countries of products of particular export interest to developing countries than of imports of other products). Particular measures in favour of the least developed countries was also a possibility.

33. During the discussion it was pointed out that governments maintaining quantitative restrictions which were not consistent with GATT provisions had an obligation to eliminate the quantitative restrictions in question. This objective was clearly spelled out in the Group's mandate and it was for the Group to examine how this objective could be achieved.

34. Some delegations suggested that, unless some governments maintaining quantitative restrictions which were not now in conformity with the provisions of the GATT could bring these into conformity with these provisions within a short period, they should, as a matter of principle, be removed immediately. Some delegations said that such an approach was not realistic and that, whatever arguments of a legal nature were advanced, due

account would in practice have to be taken of the economic and socio-cultural realities which lay behind the existence of the measures and the whole history of discussions which had taken place in the GATT on this subject, set out in NTM/5.

35. The Chairman suggested that it might assist the Group to arrive at a meeting of minds on this issue if delegations were provided with a check-list of the spectrum of techniques that had been used, or suggested, in the past for the elimination or liberalization of quantitative restrictions and other non-tariff measures. The check-list prepared by the secretariat will be found in Annex 3 to the report.

36. Some delegations said that it was the practice in the GATT (reflected for instance in Article XXIII) to give governments a reasonable amount of time to reconcile their actions and their international obligations and that they were prepared to do so. In this connection, some delegations said that a date should be established by which quantitative restrictions which were not in conformity with the GATT would be eliminated. Some of these delegations said that this date should be set in the relatively near future. Other delegations suggested that an understanding on a standstill followed by phased liberalization might be more practical than immediate elimination. Some delegations stressed the need for drawing up a multilateral programme for dismantling existing restrictions and suggested that a concerted effort should be made by all contracting parties concerned to eliminate, by an agreed date, as many of their non-conforming quantitative restrictions as possible, adequate attention being given to measures affecting the exports of developing countries. It was also suggested that contracting parties maintaining quantitative restrictions not in conformity with the GATT should indicate by a particular date which of these restrictions they would eliminate immediately and propose how they would intend to deal with any such quantitative restrictions as remained after that date.

37. It was recalled that, in the past as indicated in Annex 3 to the report, a request and offer procedure had been used in the GATT for the liberalization of restrictions irrespective of their legal status. Some delegations observed that while this was true, these procedures had not proved effective for the elimination of quantitative restrictions which were contrary to the GATT. Some delegations suggested that these procedures might possibly be useful in connection with the liberalization of quantitative restrictions which were in conformity with the GATT.

38. The Group then looked at ways of bringing quantitative restrictions into conformity with the General Agreement. The possibility of invoking Article XVIII:B or Article XVIII:C had already been referred to. Another possibility to which attention was drawn in the discussion was that quantitative restrictions which were not in conformity with the GATT might be replaced by tariffs, renegotiations being conducted under Article XXVIII in cases of bound items. There was some support for this idea in the Group although some delegations pointed out that the procedures would impose an unequal burden on contracting parties the majority of whose tariffs were bound. Some delegations also pointed out the practical difficulties of calculating the tariff which might prove too restrictive or not restrictive enough in relation to the quota restriction it replaced. Others stated that the rates of duty would in many cases be very high, that this technique would in any case merely replace quantitative restrictions with

another form of protection and that its use would not fulfil the Group's mandate of achieving trade liberalization. One delegation said that it was envisaging replacing quantitative restrictions which it could not simply remove in the short term by tariffs of moderate height which would then be progressively reduced to their initial level in accordance with a predetermined time-table. This delegation suggested that, in such circumstances, compensation under Article XXVIII would only be paid if it was not possible to reduce the tariffs on certain items in accordance with this time-table.

39. Among other techniques for bringing quantitative restrictions into conformity with the GATT raised in the Group was the request and grant of a waiver under Article XXV:5 of the General Agreement. This was not discussed in detail.

40. Some delegations noted that, in some cases, in order to make certain quantitative restrictions compatible with the General Agreement, it would be necessary to modify the way in which they were applied, e.g. to extend the application of currently discriminatory restrictions to imports from all contracting parties. Some delegations suggested their conversion into global quotas available to all contracting parties on a non-discriminatory basis, followed by progressive enlargement of quotas and finally by their elimination.

41. The Group noted that its mandate referred to quantitative restrictions which are not in conformity with the GATT "being brought into conformity" and therefore excluded it from examining the possibility that the provisions of the GATT might be changed, thus reconciling such quantitative restrictions with it.

42. The Group then discussed questions relating to the liberalization of quantitative restrictions which were in conformity with the General Agreement. Some delegations said that the scope for liberalizing these quantitative restrictions was very limited since they were required for the various purposes foreseen in the Agreement. Some delegations however pointed out that governments might sometimes be able to liberalize quantitative restrictions in certain respects without jeopardizing the achievement of their objectives and that, in some cases, governments might be able to use policy instruments other than quantitative restrictions to achieve these objectives. Two techniques for liberalizing quantitative restrictions which are in conformity with the GATT were the use of periodic reviews directed towards this objective and the request and offer procedure used in previous GATT trade negotiations. Some delegations pointed out that the relevant GATT provisions often provided for periodic reviews and that, in such cases, there was no need to envisage any further procedures. Balance-of-payments restrictions applied consistently with Article XII or Article XVIII:B and industrial development restrictions applied in pursuance of Article XVIII:C were cases in point. Other delegations noted that the Group's mandate was general and did not permit the exclusion of any quantitative restrictions maintained by contracting parties. Some delegations considered that a request and offer procedure might be the technique most likely to achieve progress in liberalizing quantitative restrictions which were in conformity with the General Agreement.

43. Some other delegations suggested that the request and offer procedure might be used for the liberalization of non-tariff measures in general as well as quantitative restrictions.

44. In the light of the above, the Group agreed that further work was necessary. It therefore makes the following recommendations for the consideration of the Council:

- (a) The documentation prepared is an indispensable basis for any future work in the area of quantitative restrictions and should be kept up-to-date on a regular basis. Its coverage and accuracy should be improved. In this regard, the preparation of a comprehensive data base on quantitative restrictions and other non-tariff measures should be considered. Contracting parties should notify details of changes in the quantitative restrictions that they maintain as and when these changes occur and to make a complete notification of their quantitative restrictions once every two years. Where requested, the secretariat should assist delegations of contracting parties to prepare these notifications, drawing, if necessary, upon information available in official published sources. These notifications should contain:
 - (i) a full description of the products and tariff lines (or parts of tariff lines) affected together with the relevant heading or sub-heading in the customs tariff concerned and, in cases in which this is not based on the Customs Co-operation Council Nomenclature, the corresponding CCCN heading;
 - (ii) a precise indication of the type of restriction;
 - (iii) an indication of the grounds and GATT justification for the measures maintained, including the precise provisions which they cite as a justification (e.g. the relevant section of Article XVIII or sub-paragraph of Article XX or XXI).
- (b) The Inventories of Non-Tariff Measures should continue to provide contracting parties with an opportunity to make reverse notifications of quantitative restrictions affecting their exports and the existing procedures relating to the inventories (e.g. in C/110) should be maintained.
- (c) The list of products of export interest to developing countries (NTM/W/4/Rev.3), should remain open to amendments in the context of changing conditions in developing countries.
- (d) Further analyses of data relating to quantitative restrictions should be undertaken by the secretariat, including an analysis of the trade effects of quantitative restrictions especially those affecting products of particular export interest to developing countries.
- (e) Periodic multilateral reviews should be held of:
 - (i) the accuracy and adequacy of the documentation;
 - (ii) grounds on which measures are maintained and their conformity with the General Agreement.

A decision should be taken on the note prepared by the secretariat relating to symbols contained in Annex 4 to the report.

- (f) Contracting parties which have invoked GATT provisions to justify quantitative restrictions which they maintain should be invited to follow the relevant GATT procedures if they do not already do so.
- (g) In this context, future work should not exclude quantitative restrictions maintained in any sector but work in other GATT bodies would need to be taken into account.
- (h))
)
- (i)) [To be inserted.]
)
- (j))
- (k) Priority attention should be given to quantitative restrictions affecting products of particular export interest to developing countries.
- (l) [In the implementation of the above recommendations, the most-favoured-nation principle of the GATT should be observed at all times and priority should be given to the elimination of quantitative restrictions which discriminate among contracting parties.]

B. Other Non-Tariff Measures

45. At the onset of the Group's review, some delegations said that non-tariff measures other than quantitative restrictions had recently proliferated and that their impact on international trade had increased. They therefore stressed that, in their view, progress in achieving liberalization was at least as important in the area of other non-tariff measures as in that of quantitative restrictions.

46. The information base on other non-tariff measures covers measures, other than quantitative restrictions, in all product sections. It consists of: the Inventory of Non-Tariff Measures (Industrial Products) (NTM/INV/I-V and Addenda), based on reverse notifications; the Agriculture Inventories (the AG/DOC/- series), based on self- and reverse notifications; and the self-notifications made to the Committee on Trade in Agriculture (the AG/FOR/- series).

47. The Group took note of the fact that the documentation on other non-tariff measures applied in the area of agriculture had been examined in detail in the Committee on Trade in Agriculture; it, therefore, did not duplicate this exercise.

48. An analysis of the notifications in the Inventory of Non-Tariff Measures (Industrial Products) relating to other non-tariff measures is contained in NTM/W/9, the note prepared by the secretariat analysing the data collected in Stages I and II and circulated to members on the secretariat's own responsibility.

49. The Group noted that the Inventory of Non-Tariff Measures (Industrial Products) contains presently some 600 notifications which are grouped into thirty-three sections. The table of contents of the Inventory may be seen in Annex 5 to the report.

50. The Inventory is open-ended and existing notifications can be modified or new notifications made at any time. The procedures for this were laid down by the CONTRACTING PARTIES and were contained in C/110. The establishment of the Group has given an impetus to the process of notification and over 200 individual notifications contain information supplied since the establishment of the Group. It, however, seems clear that there are still a number of notifications which are out-of-date either in whole or in part.

51. The Group undertook a first review of the structure of the Inventory and the types of problems notified therein. It noted that it was not a comprehensive inventory of all non-tariff measures but was rather a listing of problems which the notifying governments wished to raise in the GATT. This fact should be borne in mind when reading Annex 6 to the report, which indicates the number of notifications made under each section of the Inventory.

52. The Group noted that provision was made in the procedures for comments to be made by the governments maintaining the measures but that in about 15 per cent of cases, the maintaining governments had not made use of this possibility. It noted, however, that in a number of cases the maintaining countries claimed that the measures notified were no longer applied and in many cases it was claimed that the measures either did not restrict trade or did not act as an unnecessary barrier to trade.

53. The Group noted that some of the measures referred to in the Inventory applied to all products while other measures applied only to certain products. It also noted, however, that a detailed description of products and tariff lines affected was often not provided in the notifications.

54. The Group noted that the Inventory provided an opportunity for contracting parties to raise questions regarding the grounds and GATT conformity of non-tariff measures maintained by other contracting parties. This opportunity had been utilized in certain notifications, and in response, some contracting parties had stated that their measures were in conformity with their international obligations.

55. The Group noted that the documentation on other non-tariff measures did not lend itself to analysis in the same way as did the documentation on quantitative restrictions because the measures dealt with were heterogeneous and the data could often not readily be related to particular products. Analyses of the Inventory undertaken by the secretariat are contained in NTM/W/9. It was noted that certain areas were the subject of greater international discipline than others, that some areas were, for instance, covered by codes negotiated during the Multilateral Trade Negotiations and that many of the notifications in these areas were between parties to these codes.

56. During the Group's discussions, some delegations suggested that contracting parties be invited to give a GATT justification for all their measures included in the Inventory and that, where no GATT justification

for the maintenance of a measure was given, this fact should be recorded in the Inventory. Some delegations argued that the question of the consistency of other non-tariff measures with the GATT was as important as the question of consistency of quantitative restrictions with the GATT.

57. The Group noted that its mandate referred to the achievement of "progress in liberalizing other quantitative restrictions and non-tariff measures, adequate attention being given to the need for action on quantitative restrictions and other measures affecting products of particular export interest to developing countries".

58. The Group noted that the mandate was a general one and did not exclude non-tariff measures in any sector but that work in other GATT bodies would need to be taken into account. Some delegations explicitly reserved the right to raise questions relating to non-tariff measures other than quantitative restrictions in agriculture and textiles in the Group at any time. Other delegations said that these questions would be more appropriately dealt with in the GATT bodies specifically dealing with these subjects, i.e. the Committee on Trade in Agriculture, the Textiles Committee and the Working Party on Textiles and Clothing.

59. It was suggested that, because of the large number of individual measures which had been notified and their wide variety, delegations should indicate their priorities and in response to this suggestion, a number of members of the Group indicated where their priorities lay. Some submitted lists of individual notifications for priority attention. Other members identified types of measures or sections in the Inventory which, in their opinion, deserved to be given particular attention. The importance of dealing with Part IV of the Inventory, pertaining to specific limitations, other than quantitative restrictions, was commonly cited by delegations. It was suggested that several other types of measures be given priority in Parts I (Government Participation in Trade and Restrictive Practices Tolerated by Governments), II (Customs and Administrative Entry Procedures and V (Charges on Imports) of the Inventory. Some delegations said that priority should be given to those areas in which there was little international discipline at the present time, e.g. State Trading (Part I.E), tariff quotas (Part IV.I), prior import deposits (Part V.A), surcharges and statistical taxes (Part V.B) and border tax adjustments (Part V.E). Interest was expressed by one delegation in initiating work in new areas such as domestic content requirements and counter-trade.

60. It was pointed out that the list of products of export interest to developing countries could not be used to identify notifications of interest to these countries because in many cases these did not identify the products affected. An analysis of notifications made by developing countries was therefore made. It was noted that the relatively small number of such notifications contained in the Inventory related to various types of measures especially in the areas of state trading and government monopoly practices (Part I.E), anti-dumping duties (Part II.A), valuation (Part II.B), certificates of origin (Part III) and charges on imports (Part V).

61. The Group then discussed techniques for liberalizing other non-tariff measures. It was suggested in the discussion that, in the past, two main techniques had been used, either a request and offer procedure with multilateral review of progress at the bilateral or plurilateral level or

multilateral establishment of agreed interpretations of existing international rules or of new international rules. It was also suggested that the first technique was suitable for dealing with individual measures in which delegations had shown an interest while the second technique might be used to deal with the categories of problems mentioned.

62. Some delegations stated that the Group had a two-fold responsibility: firstly to establish a continuing and long-term procedure for dealing with other non-tariff measures in the GATT; and, secondly, to initiate such a continuing procedure and to make it operational. One method might be to select some representative non-tariff measures from the Inventory - on the basis of objective criteria such as their relevance to international trade, their relevance to the GATT, their relevance to the interests of a sufficiently large number of contracting parties, taking due account of the interests of developing countries - and subject them to an in-depth but general discussion, concentrating inter alia, on the reasons for their maintenance, their effects on trade and their conformity with the GATT. It was suggested that such an approach would also facilitate the use of a bilateral request and offer procedure directed towards the elimination of other non-tariff measures, which was the ultimate objective of the mandate.

63. Some delegations suggested that a systematic multilateral review should be held of the Inventory of Non-Tariff Measures in areas not covered by codes negotiated in the Multilateral Trade Negotiations with a view to clarifying problems and exploring possibilities for liberalization on a plurilateral or multilateral basis.

64. Some delegations suggested that notifications made between members of the codes might be taken up in the relevant Code Committees but that the mandate of the Group was general in nature and that delegations should not be debarred from raising these matters in a more general forum if they so wished. It was also suggested that such general discussions might examine problems which some contracting parties might raise concerning problems they have experienced in joining the Codes.

65. In the light of the above, the Group agreed that further work was necessary and therefore makes the following recommendations for the consideration of the Council:

- (a) The existing notification procedures for up-dating the Inventory of Non-Tariff Measures (Industrial Products), as adopted by the CONTRACTING PARTIES in November 1979, should continue. In this regard, the preparation of a comprehensive data base on quantitative restrictions and other non-tariff measures should be considered. With a view to improving the quality of information, contracting parties making notifications should provide:
 - (i) an indication of the precise nature of the measure;
 - (ii) where applicable, a full description of the products affected, including the corresponding CCCN heading;
 - (iii) a statement on the effects of the measure;
 - (iv) where appropriate, a reference to the relevant GATT provisions.

- (b) Contracting parties maintaining the measures should comment on each of these points.
- (c) Further analyses of non-tariff measures other than quantitative restrictions should be undertaken by the secretariat, including an analysis of non-tariff measures affecting products of particular export interest to developing countries.
- (d) In this context, future work should not exclude non-tariff measures maintained in any sector but work in other GATT bodies would need to be taken into account.
- (e) Periodic multilateral reviews should be held on:
 - (i) the accuracy and adequacy of the documentation;
 - (ii) grounds on which measures are maintained and their conformity with the General Agreement.
- (f))
- (g) [To be inserted.])
- (h))
- (i) In all aspects of future work in this area, priority attention should be given to the need for action on products of particular export interest to developing countries.
- (j) [In the implementation of the above recommendations, the most-favoured-nation principle of the GATT should be observed at all times and priority should be given to the elimination of non-tariff measures which discriminate among contracting parties.]

C. General

66. [To be inserted.]

Annexes 1-6

[As in NTM/W/11.]