

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
MTN/NTM/2
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Special Distribution

Multilateral Trade Negotiations

Group "Non-Tariff Measures"

Sub-Group "Quantitative Restrictions"

MEETING OF 22-30 APRIL 1975

Chairman's Summing-up and Record of Decisions Taken at the Meeting

1. The Sub-Group elected Mr. I.S. Chadha (India) as its Chairman and invited the Secretary-General of UNCTAD or his representative to attend the meeting of the Sub-Group as an observer.
- A. QUANTITATIVE RESTRICTIONS (Including import prohibitions and so-called voluntary export restraints)
2. It was noted that the approach to the working out of solutions with respect to quantitative restrictions would need to take account, inter alia, of the following considerations:
 - (i) Differentiated treatment and priority attention should be given to the quantitative restrictions affecting products of export interest to developing countries in accordance with the objectives and principles of the Tokyo Declaration, bearing in mind the importance of early application of solutions in this area.
 - (ii) The contribution which developing countries might make to the negotiations in this area would be guided by the relevant provisions of the General Agreement and of the Tokyo Declaration.
 - (iii) Special attention should be given to those quantitative restrictions for which no claim has been made that they are justified under any provision of the General Agreement relating to the maintenance of quantitative restrictions and to discriminatory restrictions.
 - (iv) It was noted by some delegations that quantitative restrictions falling within the provisions of certain Protocols of Accession were subject to review procedures laid down under the relevant Protocols. Some other delegations emphasized that these restrictions should be included in the work of the Sub-Group.

(v) Many countries have an interest in discussing quantitative restrictions on textiles and it was recognized that these may be taken up during the negotiations. The point was also made that problems in this field are at present being dealt with in the context of the Arrangement Regarding International Trade in Textiles.

(vi) The negotiations encompass quantitative restrictions on agricultural products. It was noted that agricultural products would be considered in accordance with the summing-up of the Chairman of the Trade Negotiations Committee at its meeting of February 1975. Some delegations indicated their intention to consider quantitative restrictions on agricultural products in this Sub-Group. Some other delegations indicated their intention to consider such quantitative restrictions in the Agriculture Group.

(vii) Quantitative restrictions affecting tropical products would be dealt with in Group "Tropical Products" in accordance with the guidelines for the negotiations on tropical products as agreed upon in that Group.

(viii) The application of solutions would need to be related to results achieved in other areas of the negotiations. In particular, the link between negotiations on quantitative restrictions and the review of the multilateral safeguard system was stressed by some delegations, as was the relevance of work elsewhere on trade measures for balance-of-payments purposes. Some delegations stressed the link between "voluntary" export restraints and safeguards. There may also be need for co-ordinated examination of both tariffs and quantitative restrictions affecting specific products.

(ix) Participating countries should pay due regard to international obligations in respect to the application of new barriers to trade, including the obligations contained in Part IV of the General Agreement.

3. It was noted that the list of quantitative restrictions appearing in the documentation of the Joint Working Group and Part 4 of the Inventory of Non-Tariff Measures provided a convenient point of reference for consultations or discussions. Other quantitative restrictions which may be notified for inclusion in Part 4 of the Inventory would also be taken up.

4. Several delegations attached importance to export restrictions being discussed in the context of the negotiations on quantitative restrictions, while several other delegations considered that such restrictions did not fall within the competence of the Sub-Group.

5. The Sub-Group had before it an illustrative list of categories of quantitative restrictions arranged according to motivation or purposes presented by one delegation (MTN/NTM/W/9). Several proposals for amendments and additions to this

list were made in the course of the discussion reflecting divergent views of delegations. In this connexion the Sub-Group noted that while some delegations might find the list discussed by it a useful point of reference, such a list could not be exhaustive, nor could it bind any delegation.

6. The Sub-Group agreed that:

(i) As an initial step towards the working out of solutions, a process of information, examination and dialogue should be undertaken with respect to existing quantitative restrictions. This process should elucidate, inter alia, whether restrictions are maintained in accordance with the General Agreement and should also elucidate the economic and social circumstances underlying particular restrictions in importing countries.

(ii) This process of information, examination and dialogue would take place through detailed bilateral or plurilateral consultations or discussions between countries maintaining restrictions and countries notifying a direct trade interest in these restrictions through the secretariat. These consultations or discussions might include specific suggestions for action in regard to individual restrictions. Flexibility should be allowed for developing countries to participate adequately in this process.

(iii) The results of these consultations or discussions would be reported to the next meeting of the Sub-Group by the countries involved in each of the consultations or discussions for analysis of the existing situation by the Sub-Group.

(iv) The Sub-Group may at the same meeting consider the possibility of formulating additional procedures for bilateral and/or plurilateral negotiations such as specific requests and offers in those areas where this would be appropriate. It may also consider the possibility of working out a general formula or formulae of automatic application.

7. During each of the above stages, differentiated and more favourable treatment would be extended to developing countries wherever feasible and appropriate in accordance with the Tokyo Declaration. In this connexion, reference was made to the specific proposals made by Brazil and India (COM.TD/W/188, COM.TD/W/198 and the Annex to MTN/3B/18).

Future programme of work

8. (a) Interested countries should notify the secretariat, if possible by the end of May, of their desire to hold consultations or discussions. Such notifications should specify the countries with which they wish to consult and the specific quantitative restrictions indicating the products affected on which they would wish to consult.

(b) The bilateral or plurilateral consultations or discussions should begin towards the latter half of June.

(c) The Sub-Group would expect to hold its next meeting towards the latter half of September 1975.

B. IMPORT LICENSING PROCEDURES

9. (i) It was agreed that the two draft texts reproduced in pages 15-19 of MTN/NTM/W/2 should be the starting point for the Sub-Group's continuing work.

(ii) There was considerable support for the view that a licensing system as such should not be used to discriminate among suppliers.

(iii) It was suggested that negotiations on licensing procedures were linked with other areas of the negotiations, in particular Safeguards.

(iv) Some delegations considered that automatic licensing procedures, which they considered to be, in themselves, an obstacle to trade, should be eliminated. Some other delegations considered that the procedures were necessary for the monitoring of prospective imports and could be helpful in avoiding resort to import restrictions that might otherwise be deemed necessary; such procedures may also be needed for the implementation of other administrative regulations. Some delegations considered that while automatic licensing procedures should not be maintained on an across-the-board basis, they could be maintained for a limited period in particular situations presenting special problems.

(v) It was suggested that the possibility of differentiated treatment for developing countries would need to be examined further. It was also suggested that there may be need for developing countries to maintain automatic licensing procedures, even if these procedures would be eliminated by developed countries.

(vi) The legal status of eventual solutions would be examined at a later stage.

(vii) It was agreed that delegations so desiring would propose in writing to the secretariat for distribution, specific alterations to the two draft texts giving the reasons for the proposed alterations, in time for discussion at the next meeting of the Sub-Group.