

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Multilateral Trade Negotiations

Original: Spanish

Group "Non-Tariff Measures"

Sub-Group "Quantitative Restrictions"

QUANTITATIVE RESTRICTIONS

1. At its meeting of October/November 1975, the Sub-Group "Quantitative Restrictions" agreed that delegations should endeavour, in advance of the next meeting, to send to the secretariat summary notes with respect to the consultations in which they had participated as exporting or importing countries. The Sub-Group also agreed that the secretariat would assemble and distribute these summaries for the further work of the Sub-Group (MTN/NTM/9, paragraph 9).
2. The following communication has been received from the delegation of Spain on consultations held with the Nordic countries (Annex I) and with Canada (Annex II).
3. Delegations who have not yet submitted summary notes are invited to do so without delay.

ANNEX I

Report on Consultations between Spain and the Nordic Countries

The consultations requested by the Permanent Mission of Finland, in the name of the Nordic countries (Finland, Iceland, Norway and Sweden) in its letter of 25 June 1975, were held on 1 December, in accordance with what has been agreed by the Sub-Group "quantitative Restrictions" at its meeting in April 1975.

The consultations were based on notification No. 478 in Part 4 of the Inventory of Non-Tariff Measures (MTN/3B/4).

As already indicated to the secretariat, the Spanish delegation expressed its intention not to refer to import declarations in respect of liberalized goods.

The representative of Finland, as spokesman for the Nordic countries, referred to the above-mentioned notification and requested information concerning the maintenance of some specific points mentioned therein.

Among other aspects, the Spanish delegation underlined that no priority treatment was given to imports from countries with which Spain had bilateral trade agreements. Furthermore, the Spanish administration does not shorten the period of validity of licences.

The delegation of the Nordic countries requested some clarifications concerning the relation between the global quotas and the quotas provided under the 1970 agreement between Spain and the EEC. The Spanish delegation furnished detailed information concerning the growth percentages of both types of quotas and the relation existing between them.

The delegation of the Nordic countries referred specifically to the quantitative restrictions on paper pulp, paper and manufactures thereof, motor vehicles and blow-lamps. The Spanish delegation said that there were no quantitative restrictions on the first group of products, and explained the machinery for allocating global quotas for the other two groups, underlining that there was no discrimination by country.

The delegation of the Nordic countries regretted that the process of liberalizing Spain's imports consistently with the GATT rules had been interrupted after Spain had ceased to invoke Article XII of the General Agreement.

The Spanish delegation explained that the said invocation had always been in terms of Article XVIII, even though in the consultations reference had been made indiscriminately to Articles XII or XVIII. After the consultation in June 1973, Spain had expressed its dissatisfaction with the conclusions reached in the Balance-of-Payments Committee that overlooked the structural weakness in Spain's balance of payments and the contingent character of the 1972 surplus, and had brought the matter before the Council. The latter had recommended that the Spanish Government "intensify their efforts in pursuing their policy of liberalization resumed in the last quarter of 1972".

As a result of the world crisis, this weakness was reflected in 1974 in a trade deficit of \$8,000 million, about 40 per cent greater than the volume of Spain's trade, and a balance-of-payments deficit of \$800 million. The likelihood was that the results for 1975 would again be of the same order. All these factors and restrictive action by other countries had prevented Spain from making further progress toward liberalization.

For the reasons given, Spain had not invoked Article XVIII since then, although its balance-of-payments situation would have fully justified such action, as could be seen from the information furnished.

The delegation of the Nordic countries, in conclusion, said that it was taking note of the Spanish statement, but maintained the position already expressed.

ANNEX II

Report on Consultations between Spain and Canada

The consultations requested by the Permanent Mission of Canada in its letter of 24 June 1975 were held on 2 December, in accordance with what had been agreed by the Sub-Group "Quantitative Restrictions" at its meeting in April 1975 in regard to bilateral consultations.

As already indicated to the secretariat, the Spanish delegation reaffirmed its intention to exclude from these consultations cereal flours, because in its view they should be examined in Group "Agriculture". The Canadian delegation accepted this wish of the Spanish authorities, while stating that the Canadian authorities considered that such a subject could be taken up in any context.

The Canadian delegation raised the subjects of imports into Spain of synthetic rubber (40.02), the possible existence of restrictions on these imports, the reasons therefor, and the category of importers engaging in such transactions.

The Spanish delegation explained that imports of synthetic rubber into Spain are liberalized, without involving any restrictive practice, and are normally carried out by private undertakings since they are not under State trading.

The Canadian delegation then requested some clarifications concerning imports falling within tariff heading No. 44.15 (plywood etc.).

The Spanish delegation explained that these goods are subject to the globalized trade régime, indicated the amounts of quota openings, and at the request of the Canadian delegation, explained the machinery for allocating the global quotas and EEC quotas and the increases made in the course of the year, pointing out that the OECD countries as apart from the Community countries - hence including Canada - are not the subject of any discriminatory treatment, due partly to the fact that the amounts authorized are well in excess of the quantities indicated in the quota openings. This was borne out, furthermore, by the import statistics furnished by the Spanish delegation in respect of tariff heading No.44.15.

The third product on which Canada requested information was wood panels for pre-fabricated houses, which the Spanish delegation has stated are liberalized for import. Difficulties encountered in importing this product into Spain are undoubtedly attributable to considerations other than trade restrictions.

At the request of the Canadian delegation, lastly, the Spanish delegation referred to the reasons justifying the maintenance of the global import quota régime.

It pointed out that Spain had always invoked Article XVIII of the General Agreement, even though in the consultations reference had been made indiscriminately to Articles XII or XVIII. After the consultation in the Balance-of-Payments Committee in June 1973, Spain had expressed its dissatisfaction with the negative conclusions reached that overlooked the structural weakness in Spain's balance of payments and the contingent character of the 1972 surplus, and had brought the matter before the Council. The latter had recommended that the Spanish Government "intensify their efforts in pursuing their policy of liberalization resumed in the last quarter of 1972".

As a result of the world crisis, this weakness was reflected in 1974 in a trade deficit of \$8,000 million, about 40 per cent greater than the volume of Spain's trade, and a balance-of-payments deficit of \$800 million. The likelihood was that the results for 1975 would again be of the same order. All these factors and restrictive action by other countries had prevented Spain from making further progress toward liberalization.

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The Canadian delegation inquired what percentage of Spain's imports was liberalized, and the Spanish delegation replied that liberalized trade represented three quarters of the total trade.

The Canadian delegation expressed its understanding of the reasons adduced by the Spanish delegation, and added that Spain should do everything possible to arrive at a situation consistent with the provisions of the General Agreement. It thanked the Spanish delegation for the information to the effect that 75 per cent of total imports were liberalized.