

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Multilateral Trade Negotiations

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Group "Non-Tariff Measures"

Sub-Group "Quantitative Restrictions"

QUANTITATIVE RESTRICTIONS

Addendum

1. At its meeting of October/November 1975, the Sub-Group "Quantitative Restrictions" agreed that delegations should endeavour 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. At the meeting of the Sub-Group in March 1976 there was widespread support for the view that the consultations should be kept open, but that the process should be accelerated and that the 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 (MTN/NTM/14, paragraph 6).
3. The following communication has been received from the delegation of the United States concerning consultations held with Australia (Annex I), Canada (Annex II), Colombia (Annex III), New Zealand (Annex IV) and South Africa (Annex V).
4. Delegations which have not yet submitted summary notes are invited to do so without delay.

ANNEX I

Australia

1. Countries participating in consultation:

Australia and the United States

2. Country maintaining the restriction:

Australia

3. Products affected:

Second hand earth-moving, excavating and materials handling equipment.

4. Duration of restriction:

Since 1950's.

5. Type of restriction:

Restrictive licensing

6. Justification for restriction:

To prevent rapid influx of a large volume of surplus military equipment that would be disruptive to the domestic industry.

7. Comments by participants:

In 1973 the Australian Government had reviewed this system of licensing and concluded that the restriction should be maintained for another ten years.

The U.S. delegation noted that this restriction had resulted in a virtual embargo on imports of these products for items where an Australian substitute was available.

1. Countries participating in the consultation:
Australia and the United States
2. Country maintaining the restriction:
Australia
3. Products affected:
Assembled motor vehicles and hot and cold rolled sheets and plates of iron and steel not galvanized.
4. Duration of restriction:
Motor vehicles - 1975; Hot and cold rolled sheets - 1975; Import licensing on iron and steel sheet and plate were terminated in March, 1976. Restraints on imports of light commercial vehicles were removed in March 1976. Restriction on imports of passenger motor vehicles will terminate on 31 December 1976.
5. Type of restriction:
Quotas
6. Justification for restriction:
Article XIX
7. Comments by participants:

1. Countries participating in consultations:

Australia and the United States

2. Country maintaining the restriction:

Australia

3. Products affected:

Tobacco

4. Duration of restriction:

Regulation has been in effect since 1947, but present provision took effect in 1966.

5. Type of restriction:

Mixing regulation

6. Justification for the restriction:

See below

7. Comments by participants:

Australia believes that the tobacco regulations are not QR's since they are not mandatory. If portions of various tobaccos in a mixture are exceeded a higher tariff rate will be applied. The United States considered the higher tariff rate as prohibitive and, therefore, the mixing regulations have an equivalent effect as a QR.

The United States stated that the Australian mixing requirement has been steadily increased from 3 percent in 1947 to the present level of 50% which was imposed in 1966. Imports reflect the rise in protected domestic production. Since 1957, they have fallen from 89% of total utilization to about 45 percent of total utilization despite the fact that imported tobacco has been consistently cheaper and of generally better quality than homegrown leaf. Consequently the U.S. believes the mixing regulation acts as a quantitative restriction and advocates its liberalization during the course of the negotiations.

1. Countries participating in consultations:

Australia and the United States

2. Country maintaining the restriction:

Australia

3. Products affected:

Motion picture films

4. Duration of restriction:

Original program in 1947, with most recent revision
in 1973.

5. Type of restriction:

Screen time quotas

6. Justification for restriction:

See below

7. Comments by participants:

Agreed to discuss at a later date.

1. Countries participating in consultations:

Australia and the United States

2. Country maintaining the restriction:

Australia

3. Products affected:

Recorded television programs

4. Duration of restriction:

Current system in effect since 1973

5. Type of restriction:

Screen time quota

6. Justification for restriction:

Promotion of Australian culture and development of national television industry.

7. Comments by participants:

Although under GATT Article IV films are exempt from the requirements in GATT Article III:5, both participants noted that the 1961 GATT Working Group was inconclusive in determining applicability of GATT Article IV to television programs.

ANNEX II

Canada

1. Countries participating in the consultation:
Canada and the United States
2. Country maintaining the restriction:
Canada
3. Products affected:
Sugar and soluble coffee
4. Duration of restriction:
Since 1968
5. Type of restriction:
Restrictive licensing
6. Justification for restriction:
Taken in accordance with GATT XX under 1968
International Sugar and Coffee Agreements
containing economic provisions.
7. Comments by participants:
Restrictions on imports of these items are
no longer in effect.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Live cattle, beef and horses

4. Duration of the restriction:

Live cattle, August '74 - August '75 (Global quotas)
Beef, August '74 - December '75 (Global until August '75 when converted to bilateral quotas)

5. Type of restriction:

Restrictive licensing

6. Justification for restriction:

GATT Article XIX

7. Comments by participants:

Live cattle and beef subject to quotas of specified size and for specified time period, but not licensing procedure. For the period of August 12, 1975 through December 1975 bilateral quotas were established on beef. Quota on cattle terminated on August 12, 1975. No licensing requirement exists with respect to horses, and health requirements for live horses are satisfied with the proper documentation.

The United States delegation believed these restrictions were unnecessary.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Cereal and cereal products: Wheat and Meslin (10.01), barley (10.03), Oats (10.04), Cereal flours (11.01), cereal groats and meal, etc. (11.02), starches; inulin (11.08)

4. Duration of restriction:

Since 1935

5. Type of restriction:

Restrictive licensing

6. Justification for restriction:

Since the law predates the GATT, the Protocol of Provisional Application does not require that the restriction be in conformity with the GATT.

7. Comments by participants:

These measures are designed to contribute to an orderly marketing in Canada and were adopted at a time when imports were receiving subsidies. The Canadian delegation believed that inulin was not covered by the licensing requirement.

The United States delegation indicated that it was unclear why Canada, an efficient producer and major exporter of these items, continues restrictions that are so severe in curbing U.S. exports in wheat, oats and barley. The U.S. delegation also noted that its exports of these items are not subsidized.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Certain dairy products (except cheese) including milk and cream, preserved, concentrated or sweetened (04.02), butter (04.03), casein and caseinates.

4. Duration of restriction:

Dry whole milk and animal feeds containing 40% non-fat milk solids and evaporated and condensed milk, since August 1970; Casein and caseinates, since June 1970; Butter, since 1950's.

5. Type of restriction:

Restrictive licensing

6. Justification for restriction:

Maintenance of price support operations

7. Comments by participants:

Canada maintains a policy of not importing these items from countries using export subsidies. Permits are being issued freely for industrial casein. The United States indicated that the discretionary licensing provision operated against U.S. exports even though those exports are not subsidized.

1. Countries participating in the consultation:
Canada and the United States
2. Country maintaining the restriction:
Canada
3. Products affected:
Flour of leguminous vegetables
4. Duration of restriction:
N.A.
5. Type of restriction:
Restrictive licensing
6. Justification for restriction:
N.A.
7. Comments by participants:
Canada applies no restriction on imports of
this product.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Eggs and turkeys

4. Duration of restriction:

Since May 9, 1974

5. Type of restriction:

Quotas

6. Justification for restriction:

Eggs have been notified under GATT Article XI:2:c:1 concerning domestic producer management program. Turkey restriction would also claim similar justification.

7. Comments by participants:

Although the subject deferred pending resolution of egg case in the GATT Working Party, the United States delegation noted its objection that the quotas do not comply with GATT Article XI and that the base period for the quotas are not reflective of recent U.S. export trends of these items to Canada.

Following this consultation, and after extensive talks with the Government of Canada and an advisory opinion from the GATT Working Party, the Canadians agreed to a settlement providing a quota for egg imports from the U.S. of approximately double the original quota.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Cheese

4. Duration of the restriction:

Since June 1975

5. Type of restriction:

Global quota

6. Justification for restriction:

To simplify existing import controls on cheese which had been in effect since 1970 and to support the Canadian supply management program for manufacturing milk, in accordance with paragraph 2(c)(i) of Article XI of the GATT.

7. Comments by participants:

The Canadian delegation stated that the quota exceeded 1974 imports. Although the quota is based upon traditional export performance, five percent of quota is allocated to new importers.

The United States delegation expressed its belief that the new quota system will be more restrictive than the previous licensing system and may create difficulties for specialty gift cheese exporters that have not been traditional exporters.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Used airplanes

4. Duration of restriction:

Since 1933

5. Type of restriction:

Embargo

6. Justification for restriction:

Since this law predates the GATT, the Protocol of Provisional Application does not require the restriction to be in conformity with the GATT.

7. Comments by participants:

In March 1951 exemptions made for individual transactions for commercial, religious, personal or emergency reasons.

The United States delegation noted, however, that the basic restrictive law is still in force.

1. Countries participating in the consultations:
Canada and the United States
2. Country maintaining the restriction:
Canada
3. Products affected:
Oleomargarine
4. Duration of restriction:
Since 1886
5. Type of restriction:
Embargo
6. Justification for restriction:
Originally part of domestic prohibition on sale of oleomargarine . Since this law pre-dates the GATT, the Protocol of Provisional Application does not require the restriction to be in conformity with the GATT.
7. Comments by participants:
The United States delegation stated its belief that oleomargarine produced in the United States could compete effectively with the Canadian produced oleomargarine in the absence of this restriction.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Used automobiles

4. Duration of restriction:

Present embargo based upon a 1931 law.

5. Type of restriction:

Embargo

6. Justification for restriction:

Since the law predates the GATT, the Protocol of Provisional Application does not require the restriction to be in conformity with the GATT.

7. Comments by participants:

The United States delegation believed that the embargo should be terminated in some fashion. The Canadian delegation noted that certain exemptions to the embargo were contained in Canadian law that would permit non-commercial importation of this merchandise.

1. Countries participating in the consultation:

Canada and the United States

2. Country maintaining the restriction:

Canada

3. Products affected:

Television programs

4. Duration of restriction:

Since 1943, with current regulations dating from 1972.

5. Type of restriction:

Screen-time quotas

6. Justification for restriction:

Permitted under GATT Article IV.

7. Comments by participants:

The Canadian delegation said that the regulations are designed to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada.

The United States delegation considers that this restriction creates a significant obstacle to its export of television programs to Canada.

1. Countries participating in the consultation:
Canada and the United States
2. Country maintaining the restriction:
Canada
3. Products affected:
Corn, potatoes, strawberries (frozen and prepared), turkey meat, beef cattle and cherries
4. Duration of restriction:
Strawberries since May - July 1971; Frozen and prepared strawberries, May-Aug., 1971; Cherries, June-Aug., 1973; Live cattle and beef, November, 1973-February 1974; Corn, November, 1968-December 1968; potatoes (applied only to imports into Western Canada), September 1968-November 1968; live turkeys, November 1967-June 1968.
5. Type of restriction:
Variable levy
6. Justification for restriction:
GATT Article XIX
7. The Canadian delegation indicated that restrictions prior to 1971 were taken under value for duty provision in Canadian customs law and that restriction was applied to live turkeys, not turkey meat. The system stems from value for duty provision of previous customs law that permits a surtax to be applied if imports or threat of imports cause or threaten to cause serious injury. The Canadian delegation noted that the application of this surtax is primarily against seasonal products, and, therefore, the proceedings had to be completed within a short period of time.
The United States delegation was concerned with the lack of transparency of these proceedings and lack of provision for interested parties to comment on the contemplated additional levy.

ANNEX III

Colombia

1. Countries participating in the consultations:

Colombia and the United States

2. Country maintaining the restriction:

Colombia

3. Products affected:

Tobacco

4. Duration of restriction:

Since late 1950's

5. Type of restriction:

Restrictive licensing

6. Justification for restriction:

Balance of payments reasons, GATT Art. XII

7. Comments by participants:

The Colombian delegation noted that the licensing system was not applied in a discriminatory fashion. The system had been subject to a study by and approved by a Working Group concerning Colombia's accession to the GATT. Licenses for light tobacco were being approved automatically and the Colombian delegation believed that other market forces may have contributed to the decline of U.S. exports in this item.

The U.S. delegation noted that even in an automatic licensing system there are possibilities of discretionary application. The U.S. also noted that delays in the processing of these licenses create difficulties in trade.

1. Countries participating in the consultation:

Colombia and the United States

2. Country maintaining the restriction:

Colombia

3. Products affected:

Consumer electrical appliances and chemicals

4. Duration of restriction:

N.A.

5. Type of restriction:

Quota

6. Justification for restriction:

N.A.

7. Comments by participants:

The Colombian delegation indicated that these items were not subject to quotas, but were subject to a prior licensing system. Seventy percent of the chemicals are exempt from licensing requirements.

1. Countries participating in the consultations:

Colombia and the United States

2. Country maintaining the restriction:

Colombia

3. Products affected:

Edible Oils, non-fat dry milk and dried pulses

4. Duration of the restriction:

From late 1950's to 1973

5. Type of restriction:

Embargo

6. Justification for the restriction:

Balance of payments reasons, development of domestic industry and ensuring adequate supplies for domestic consumption.

7. Comments by participants:

The Colombian delegation indicated that the embargo on these items terminated in 1973. Imports of these items, however, are controlled by a state trading organization through the issuance of public tenders to exporters.

1. Countries participating in the consultation:
Colombia and the United States
2. Country maintaining the restriction:
Colombia
3. Products affected:
Turkey rolls
4. Duration of restriction:
Since late 1950's
5. Type of restriction:
Embargo
6. Justification for restriction:
Balance of payments reasons
7. Comments by participants:

1. Countries participating in the consultation:

Colombia and the United States

2. Country maintaining the restriction:

Colombia

3. Products affected:

Automobiles, trucks and buses and automotive parts

4. Duration of restriction:

Since late 1950's

5. Type of restriction:

Mixing regulations

6. Justification for restriction:

Until early 1970's, balance of payments reasons. Now this measure is part of a program of the Andean Pact countries to achieve program of integration of motor vehicle industry.

7. Comments by participants:

The Colombian delegation noted that three U.S. auto producers were participating within the Andean Pact program. The United States delegation observed that in addition to the local content requirements for automobiles, trucks, and buses, spare parts purchased in Colombia must have a specified minimum local content to be considered local products. In addition, vehicle engines, gear boxes and transmissions must be imported unassembled. This latter requirement creates a barrier to trade that has an effect similar to a QR.

ANNEX IV¹

New Zealand

1. Country participating in the consultations:

New Zealand and the United States

2. Country maintaining the restriction:

New Zealand

3. Products affected:

Frozen beans and peas, some dried vegetables and dried leguminous vegetables, citrus fruit other than fresh, and some fresh berries.

4. Duration of restriction:

Since 1938

5. Type of restriction:

Restrictive licensing

6. Justification for restriction:

Balance of payments reasons

7. Comments by participants:

The New Zealand delegation indicated that the granting of licenses is related to the marketing of citrus fruit. The New Zealand delegation pointed out that the trading system applying to import fruit was intended to allow for orderly marketing and equitable distribution throughout New Zealand, and additionally to assist in the marketing of fruit imports from the Pacific Islands for whom New Zealand is the major market. Fruit items generally are subject to quotas. Raspberries are subject to discretionary licensing, but all others are subject to quotas.

The United States noted that the restrictive licensing system and the policies of the trading entity make it difficult to determine its export potential to New Zealand. In the U.S. view these requirements distort free international trade and serve as protective mechanisms.

¹ The summary notes regarding U.S. consultations with New Zealand have been reviewed by that delegation and they concur with the contents of these

1. Countries participating in the consultations:
New Zealand and the United States
2. Country maintaining the restriction:
New Zealand
3. Products affected:
Gin and Vodka
4. Duration of restriction:
Unavailable
5. Type of Restriction:
Embargo
6. Justification for Restriction:
Imports of these items are limited according to general economic concerns including balance of payments reasons:
7. Comments by participants:
The embargo is no longer maintained. These items are now subject to an automatic-type licensing system and are subject to quotas.
The United States delegation expressed its belief that these quotas are trade restrictive and should be removed.

1. Countries participating in the Consultation:

New Zealand and the United States

2. Country maintaining the restriction:

New Zealand

3. Products affected:

Tobacco

4. Duration of restriction:

Since 1935

5. Type of restriction:

Mixing regulation

6. Justification for restriction:

Provides support for the domestic tobacco industry. Since the law pre-dates the GATT, Protocol of Provisional Application does not require this restriction to be in conformity with the GATT.

7. Comments by participants:

The New Zealand delegation believes that the present mixing requirement has not been a barrier to tobacco imports from the United States.

The United States delegation noted the possibility for increasing the domestic content of manufactured tobacco since the principle of a mixing requirement exists in New Zealand law. New Zealand assured the United States delegation that there were no plans for increasing the domestic content required by the regulation.

ANNEX V

South Africa

1. Countries participating in consultations:

The Republic of South Africa and the United States

2. Country maintaining the restriction:

The Republic of South Africa

3. Products affected:

Engine lathes

4. Duration of restriction:

Since early 1960's

5. Type of restriction:

Restrictive licensing

6. Justification for restriction:

Control over economic development of certain industries and balance of payments reasons.

7. Comments by participants:

South Africa stated that these lathes are included in the September 5, 1975, South African Government announcement to shift center lathes (BTN: 84.45.10.30) to the free list (see GATT Doc., L/3786/Add.9).

1. Countries participating in the consultation:

The Republic of South Africa and the United States

2. Country maintaining the restriction:

The Republic of South Africa

3. Products affected:

Pharmaceutical products, pesticides, paper, tallow, oil cake, edible fats, processed food preparations (raw materials), wheat, dry leguminous vegetables, dried prunes (not retail), wheat flour.

4. Duration of restriction:

Current program since the early 1960's, although previous licensing system dated from 1948.

5. Type of restriction:

Discretionary licensing

6. Justification for restriction:

To generate information and to facilitate control over its economic development program of industries.

7. Comments by participants:

The South African delegation pointed out that from the initiation of these restrictions until July 1972 (except for a short interval) these measures were justified under GATT Article XII. The South African delegation explained that licenses are granted to meet the "full reasonable requirements" permitting the importer to maintain six months of stock, based on production for producers and based on sales for merchants. The licensing procedure, according to the South African delegation, is mainly automatic and used for statistical purposes in administering the licensing program. According to the South African delegation, the state trading and licensing procedures applicable to wheat, dry leguminous vegetables, dried prunes and wheat flour are independent of each other, both carry out different functions and state trading enterprises which are explained in GATT doc. MTN/3E/DOC/8/Add.19 to which Article XVII is applicable.

The United States delegation commented that this licensing system created a barrier to trade, is open to discretionary application and particularly adds uncertainty to potential marketing opportunities.

1. Countries participating in the consultations:

The Republic of South Africa and the United States

2. Country maintaining the restriction:

The Republic of South Africa

3. Products affected:

Jewelry, wines, spirits, cigarettes

4. Duration of restriction:

Since the early 1960's for jewelry, wines, cigarettes
(original restriction on rum since 1913)

5. Type of restriction:

Quotas

6. Justification for restriction:

Balance of payments reasons under GATT Article XII.
In the case of "rum", the restriction stems from a
law relating to product standards and justified under
GATT Article XI:2(b).

7. Comments by participants:

The South African delegation pointed out that from the initiation of these restrictions (excluding "rum") until July 1972 (except for a short interval) these measures were justified under GATT Article XII. With regard to rum, the South African delegation explained that the problem was essentially one of finding a definition which covered light rum but excluded cane spirits. The South African delegation indicated that an importer can import any type of wine or spirits or jewelry from any source up to the amount prescribed in the importer's general quota. The South African delegation commented that the lack of U.S. exports probably stemmed from differences in consumer preference.

The U.S. delegation noted that the existence of quotas together with a complex allocation system could deter potential exporters from exploring sales opportunities in the South African market.

1. Countries participating in the consultation:

The Republic of South Africa and the United States

2. Country maintaining the restriction:

The Republic of South Africa

3. Products affected:

Parts for the manufacture of automobiles

4. Duration of restriction:

See below

5. Type of restriction:

Mixing regulation (see No. 7)

6. Justification of restriction:

Promotion of domestic automotive industry

7. Comments by participants:

The South African Government grants rebates of excise duty on cars in proportion to their content of local versus foreign parts. The South African delegation believes that this practice is in conformity with GATT Article III and has been addressed satisfactorily in bilateral discussions and provided supplemental documentation. The South African delegation queried as to whether this practice could be considered a mixing regulation.

The United States will study the documentation, but reserves the possibility of returning to the issue at a later date.