RESTRICTED

COM.TD/19
17 March 1966

Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Trade and Development

THE PRESENT STATE OF THE COMMITTEE'S WORK ON RESIDUAL RESTRICTIONS

Note by the Secretariat

1. One of the principal tasks undertaken by the CONTRACTING PARTIES when the Trade Expansion Programme was launched in 1958 was to examine import restrictions affecting the exports of less-developed countries and to seek their removal. Since then these restrictions have been the subject of almost uninterrupted discussion, first in Committee III, then in the Action Committee and now in the Committee on Trade and Development. In March 1965, the matter was entrusted by the Committee to the Group on Residual Restrictions. In continuation of the work initiated in the predecessor bodies, the Group decided, as a first step, to invite developed countries maintaining restrictions on products notified to Committee III or the Committee on Trade and Development to discuss with it the reasons for the continued application of these restrictions and the prospect of their early removal.

2. In 1965 the Group held discussions with twelve contracting parties, namely:

Austria	Luxemburg
Belgium	Netherlands
Denmark	Norway
Federal Republic of Germany	Sweden
Italy	United Kingdom
Japan	United States

A note on each of these discussions was drawn up by the Group and was submitted to the Committee in the Annex to the Group's report in COM.TD/B/3.

3. This review covered 250 items notified as being of interest to less-developed countries. It did not cover other items which less-developed countries at a later stage notified in the context of the Kennedy Round. The country-by-country discussions have served to clarify a number of points, including the nature and scope of the restrictions and the reasons for which they have been maintained.

It appears that there are some 145 instances in which restrictions are imposed on products on the list of one developed country or another. Out of the 250 notified items, some seventy are affected (apart from cotton textile items). Among the items subject to restrictions are the following:

certain oilseeds and vegetable oils
certain fish preparations
sugar
manioc
certain prepared or preserved vegetables and fruits
certain fruit juices
hides and skins
leather
jute fabrics
coir carpets
certain textile items
coffee
tea
cocoa

A detailed tabulation of the restrictions will be found in COM.TD/B/W/1 and Addenda. In most instances the contracting party applying the restrictions has not been able to indicate a specific target date for the removal of the restrictions.

4. The remaining restrictions are causing serious concern to the developing countries, which have repeatedly expressed disappointment over the slow progress in their elimination. Some of the products affected are of major importance to their export trade. In some cases even though the trade involved is not large in absolute terms it is important to particular regions or sectors of their economy or relates to important natural resources which cannot be diverted for other use. Some of the restrictions are applied in a discriminatory manner against exports of less-developed countries. The developed countries have referred to various reasons which in their view necessitate the continued maintenance of the restrictions. Most of the reasons advanced relate to the threat of difficulties for particular sectors or branches of industry that might arise from the opening up of the market. Developing countries have urged that developed countries explore the possibility of solving the problems through other measures consistent with GATT rules and obligations such as adjustment assistance to enable domestic industries to move into other lines of production. It has also been suggested that less-developed countries should be appropriately compensated for the loss of trading opportunities which they suffer as a result of restrictions maintained inconsistently with GATT.

5. In adopting the provisions of Part IV of the Agreement, developed contracting parties have undertaken formal "commitments" under which they, inter alia, "shall to the fullest extent possible - that is, except when compelling reasons make it impossible - accord high priority to the reduction and elimination of barriers to products currently or potentially of particular export interest to less-developed contracting parties". These commitments are operative irrespective of whether the trade barriers are sanctioned by the Agreement or are inconsistent with it. On the other hand, the obligations in respect of import restrictions maintained inconsistently with the GATT exist independently of any provisions in the new Part IV. The exception on the ground of compelling reasons in Part IV therefore does not detract from the force of the basic provisions relating to quantitative restrictions.

6. Since 1959 the CONTRACTING PARTIES have relied upon a set of procedures for dealing with restrictions inconsistent with GATT (see BISD, ninth supplement, pages 19-20). In view of the importance of the problem for less-developed countries and in order to secure action on as broad a front as possible, ad hoc procedures for discussion and review of restrictions of particular interest to less-developed countries were also adopted within the framework of the Action Committee and more recently of the Committee on Trade and Development. If, however, these procedures do not result in satisfactory progress, the final resort for less-developed countries would appear to be the provisions of Article XXIII.

7. In the circumstances the Committee may wish to review the situation and to make appropriate recommendations to the CONTRACTING PARTIES.