

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Group on Residual Restrictions

MAIN POINTS EMERGING FROM THE GROUP'S DISCUSSION AT ITS MEETING HELD ON 24-25 JANUARY 1972

Note by the Secretariat

1. The Group reviewed progress towards the elimination or relaxation of restrictions on products already discussed by it at earlier meetings and proceeded to an examination of a list of further products identified as of interest to developing countries by the Group itself and in the Joint Working Group on Import Restrictions. The examination took place on the basis of material prepared by the secretariat (documents COM.TD/W/140/Rev.2 and COM.TD/W/147) and took into account relevant recommendations of the Group of Three. In the course of the examination representatives of countries maintaining restrictions answered questions in regard to, inter alia, the following aspects: grounds on which restrictions were maintained, indications of prospects for removal or relaxation of restrictions and steps taken to liberalize their application along lines recommended in paragraph 10 of COM.TD/79.
2. The main views expressed in the course of the discussion and suggestions put forward by members of the Group are summarized below. A detailed record of the discussion of individual items will be included in a separate part of the note on proceedings of the meeting to be issued by the secretariat after the usual verification with delegations.
3. The Group took note of certain measures towards liberalization listed in the documentation before it and noted that progress in this field continued to be slow.
4. Several members of the Group reiterated the importance they attached to early and priority action for the removal of restrictions affecting imports from developing countries. In regard to situations where it had not been possible to eliminate quotas, some members drew attention to the need for fuller information on action taken towards relaxation of restraints, e.g. by enlargement of quotas or introduction of seasonal measures as had been recommended earlier in COM.TD/79. Some members also suggested that countries maintaining illegal restrictions on products of interest to developing countries should be required to report annually on measures taken to relax such restrictions.
5. Some members expressed their support for early multilateral negotiations that would permit joint action to eliminate remaining residual restrictions affecting the trade of developing countries. At the same time, they noted that action to remove or relax these restrictions should be taken wherever it was possible to do so in advance of such multilateral negotiations.

6. Some members pointed to the fact that restrictions on agricultural products were merely one aspect of general policies in the field of agriculture, and could be dealt with only in the context of an overall review of production and trade policies affecting agricultural products. Some other members, while noting that for temperate zone products quantitative restrictions were only one means of protection and therefore could not be considered in isolation, felt that attempts should be made to explore possibilities for limited action in this field in favour of developing countries while awaiting multilateral negotiations with respect to the agricultural policies of contracting parties. Some members from developing countries stressed the need for taking such action on a priority basis. One member stated that the restrictions imposed by his country on certain agricultural products were based on the provisions of its Protocol of Accession and were the subject of annual reports to the CONTRACTING PARTIES, in pursuance of that Protocol.

7. Some members referred to the point made at the last meeting of the Group that liberalization measures for certain temperate zone products, which were often characterized by existence of surpluses and overall imbalance between supply and demand, such as fruits and vegetables, might be possible only in the context of multilateral solutions in specific sectors. Some representatives stated that the removal of illegal restrictions on the basis of such multilateral arrangements should not require a counterpart contribution from developed countries not maintaining such restrictions. They also felt that any unilateral action taken in favour of developing countries should be undertaken on a non-discriminatory basis.

8. Some representatives drew attention to the fact that certain restrictions were maintained in the interests of certain developing countries in respect of which there existed traditional obligations. While their reduction or elimination would have harmful effects on the trade and future development of these countries, they would, on the other hand, provide only marginal benefits to other developing countries. The representative of a developed country pointed out that the maintenance of illegal restrictions designed to protect some developing countries, at the expense of other countries, was not justified. Some representatives pointed out that liberalization would have unacceptable economic and social consequences in such cases and noted that no other measures had been suggested to avert these consequences.

9. With respect to State-trading operations on products of interest to developing countries (such as wine, spirits and tobacco) some representatives of developing countries expressed interest in the purchase policies of State monopolies. Some representatives were of the opinion that State-trading practices as such did not necessarily act as a measure restricting imports. In some cases they could even be of help to developing countries by facilitating purchases. In this context it was explained by a representative of the secretariat that the notifications relating to State trading were included in the list of restrictions because these were notified by developing countries as having restrictive effects on their exports.

10. The Group generally welcomed a proposal made by some members that developed countries with State-trading practices should be invited to provide information on the practical operation of such transactions concerning products examined by the Group for the information of developing countries involved in the export of the products concerned. Some delegations referred, in this connexion, to the International Trade Centre market survey "The Market for Wine in Ten Western European Countries" and to the notifications made in accordance with Article XVII of GATT.

11. Some representatives referred to the maintenance of discriminatory country classifications by certain developed countries. They drew attention to the recommendation made by the Group of Three under paragraph 32 of its Report and urged early elimination of the discrimination involved in these practices.

12. Some representatives of developing countries drew the attention of the Group to the indications given by representatives of certain developed countries that restrictions on many products of interest to developing countries were maintained mainly for the purpose of protecting their domestic industries from competition from neighbouring developed countries. In such a situation it was, in their view, only logical that imports from developing countries should be exempted from the application of these restrictions. Representatives of some developed countries, while agreeing with the proposal that action should be taken for the elimination of restrictions on products of interest to developing countries, felt that this should be done on a most-favoured-nation basis. In this connexion the representative of a developed country, with support from others, pointed to the possibility that action to eliminate restrictions only on developing country products might lead to an aggravation of the problem of surpluses in certain sectors and further create various technical difficulties, for instance in the determination of origin. Representatives of developing countries pointed out that many of these technical problems, including those related to the determination of origin, had been satisfactorily resolved in the context of the Generalized System of Preferences.

13. Some representatives proposed that at future meetings the Group might concentrate its examination on a discussion in depth of a more limited list of products of significant trading interest to developing countries.