

GENERAL AGREEMENT ON TARIFFS AND TRADE

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QUANTITATIVE IMPORT RESTRICTIONS AND OTHER NON-TARIFF MEASURES

Statement by the Representative of India

1. As the members of the Committee will recall we have had fairly detailed discussions on quantitative import restrictions and other non-tariff measures at our last meeting. Some preliminary suggestions were made by representatives of developing countries with regard to the approach for the liberalization of non-tariff barriers in the forthcoming multilateral trade negotiations with special emphasis on the interests of developing countries. I would like to draw special attention to the statement made by the delegation of Brazil on import restrictions and by my delegation on other non-tariff measures. These statements are contained in documents CGM.TD/W/186 and 187 respectively.

2. The suggestions put forward by the developing countries were discussed only in a preliminary way at our last meeting and it was our expectation that after further consideration, the Committee should be in a position to present consolidated proposals on these and other matters for consideration by the Preparatory Committee in July. With this end in view, there have been some informal consultations among the developing countries. We have also had the benefit of some very useful documents prepared by the secretariat -- particularly the excellent studies contained in documents CGM.TD/W/190 and CGM.TD/W/191 on the implications for developing countries of the ad referendum solutions in the fields of health and sanitary regulations and standards. We are now in a position to put forward some more concrete ideas for the consideration of the Committee on the approach for negotiations for the liberalization of non-tariff barriers. We believe that these ideas would find general support among developing countries.

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3. At the outset I would like to outline some general principles and guidelines which, in our view, should apply to the negotiations both for import restrictions as well as other non-tariff measures. These are:

- (1) All non-tariff barriers affecting the exports of developing countries should be removed or liberalized, with a view to reducing or eliminating their trade restrictive or distortive effects.

- (2) The negotiations for the liberalization of quantitative restrictions, including embargoes and export restraints as well as other non-tariff barriers should be conducted on the basis of preferential treatment for developing countries.
- (3) The measures for the liberalization of non-tariff barriers should take into account the intention and spirit of the relevant provisions of the GATT in respect of the special position of developing countries particularly those contained in Part IV of the General Agreement.
- (4) All developing countries having an export interest in a product or group of products, whether or not they qualify as initial negotiators (tariff-wise) or as principal suppliers, should be entitled to participate fully in the negotiations.
- (5) Special attention should be paid to the problems of the least developed among developing countries in the liberalization of non-tariff barriers.
- (6) Where non-tariff barriers are maintained by developed countries for reasons of reciprocity or on other grounds, such barriers should not be applied to imports from developing countries.
- (7) Appropriate adjustment assistance measures should be adopted by developed countries to facilitate the removal of quantitative restrictions including embargoes and export restraints, as well as other non-tariff barriers, and ensure growing access for products or product groups of export interest to developing countries and to avoid nullification of the trade concessions.
- (8) The existing safeguards applied by developed countries should be improved to ensure strict adherence to the standstill on quantitative restrictions including embargoes and export restraints as well as other non-tariff barriers and to govern the application of the escape clause concerning the concessions from the trade negotiations. The developing countries should be free to apply safeguard measures in accordance with their trade and development needs.

QUANTITATIVE RESTRICTIONS

4. With regard to quantitative restrictions, we suggest that the following elements should constitute the integrated approach for the liberalization of all quantitative restrictions including embargoes and export restraints applied by developed countries on products or product groups of current or potential export interest to the developing countries.

Standstill

- (1) The principle of standstill concerning quantitative restrictions should be strictly adhered to. In no event should new quantitative restrictions including embargoes and export restraints or any other trade inhibiting measures be introduced nor existing restrictions be intensified to the disadvantage of developing countries. The removal of quantitative restrictions should not result in the adoption of other restrictive measures such as variable levies, etc. Any departures from the standstill should be governed by internationally agreed criteria and multilateral consultations and review procedures.

Agreed action programme

- (2) An agreed action programme should be drawn up containing a list of products or product groups of export interest to developing countries, including agricultural products, subject to quantitative restrictions including embargoes and export restraints which will be included in the trade negotiations.
- (3) Such an agreed programme should provide for the liberalization of quantitative restrictions including embargoes and export restraints and should consist of the following elements:
 - (a) the immediate removal of all quantitative restrictions including embargoes and export restraints on all products of export interest to the developing countries (including all products covered by Generalized System of Preferences) on a preferential basis;
 - (b) in certain exceptional cases where such immediate removal is not possible the programme of liberalization might proceed at a slower pace. In the case of such exceptions, which must be kept to a minimum, representing not more than an agreed minimum percentage of the total exports of developing countries, negotiations should be held with interested developing countries concerning the timing as well as the modalities for the phasing out of quantitative restrictions including embargoes and export restraints.
 - (c) pending the final removal of the quantitative restrictions including embargoes and export restraints, the following transitional steps should be taken by the developed countries concerned in cases referred to in (b) above:
 - (i) indication of a definitive time period for the phasing out of the remaining restrictions;
 - (ii) progressive enlargement of quotas in favour of developing countries, either automatically (by a fixed amount or percentage increases) or in relation to the growth of the market so as to ensure a gradual increase in the market share of the developing countries;

- (iii) adoption of measures to ensure the full utilization of quotas and the carry over of unused portions of quotas to the succeeding quota period;
- (iv) removal of all discriminatory aspects of remaining quantitative restrictions affecting developing countries such as discriminatory country classifications;
- (v) adoption of measures to improve and liberalize the administration and operation of quantitative restrictions including licensing schemes.

OTHER NON-TARIFF BARRIERS

5. In the case of other non-tariff barriers affecting exports of developing countries, an agreed Programme of Action should be established for their liberalization, providing for the reduction or elimination of their trade restrictive or distortive effects. Such a Programme should aim at the conclusion of agreements on principles, codes of conduct or behaviour, guidelines and other measures with a view to facilitating growing access for the exports of developing countries and ensuring that non-tariff measures are not applied as a disguised means for providing additional protection or for discriminating against imports from developing countries. Such a Programme should contain, inter alia, the following elements.

Preferential treatment for developing countries

- (1) Preferential treatment for developing countries in the reduction or elimination of the trade restrictive or distortive effects of non-tariff barriers through measures such as:
 - (a) special attention to the trade and development problems of developing countries including the lack of the necessary technical, administrative and related infrastructure in these countries;
 - (b) reformulation of quality and performance standards, health and sanitary regulations etc., which pose special problems to the trade of developing countries, taking into account the production and other processes prevailing in these countries;
 - (c) technical assistance to developing countries to enable them to fulfil such mandatory requirements;
 - (d) modifications in the various solutions already elaborated to the problems relating to various non-tariff barriers taking into account the special situation of the developing countries;
 - (e) similar consideration for the special situation of the developing countries in the elaboration of other solutions still in progress;

- (f) priority consideration of similar solutions in relation to other non-tariff measures of importance to developing countries which have so far not received adequate attention;
- (g) strict adherence to such codes and ad referendum solutions by developed countries;
- (h) the immediate removal of all non-tariff barriers affecting products of export interest to the developing countries (including all products covered by the Generalized System of Preferences) on a preferential basis.

Customs valuation

- (2) Agreement on principles and interpretative notes with respect to the application of GATT Article VII on customs valuation including, inter alia, the following elements:
 - (a) valuation systems should not be used as a disguised means of providing additional protection by increasing the value to which duty is to be applied;
 - (b) such systems should not be used to combat dumping;
 - (c) domestic value in the exporting countries should not be used as basis for levying duty;
 - (d) valuation systems in the developed countries should be harmonized or unified; it should, however, be ensured that this does not result in an increase in the incidence of duties;
 - (e) formalities should be kept to the minimum and valuation should be used as far as possible on commercial documents;
 - (f) the legal and administrative provisions concerning valuation should be widely publicized and should be sufficiently clear and precise to enable traders to estimate in advance with a reasonable degree of certainty the value of their goods for customs purposes.

Import licensing

- (3) Immediate abolition of automatic licensing and other systems not intended for the application of quantitative restrictions and agreement on principles and rules to govern other licensing systems with a view to minimizing their restrictive effects on imports including, inter alia, the following elements:
 - (a) publication of information regarding import formalities sufficiently in advance;

- (b) issue of licences to importers in sufficiently large quantities;
 - (c) allocation of a reasonable share of licences to new importers;
 - (d) import of goods subject to restrictions on the basis of export permits issued by exporting countries.
- (4) Agreement on a code of conduct to ensure that standards are not applied as a means of protecting domestic producers containing, inter alia, the following elements:
- (a) use of existing international standards as a basis for national standards;
 - (b) acceptance of assurances of conformity by assurance bodies in other adherents to the code, in cases where such assurances are insisted upon;
 - (c) wide publication of standards;
 - (d) establishment of enquiry points which are able to answer all reasonable enquiries relating to mandatory and voluntary standards and quality assurance systems;
 - (e) notification to GATT secretariat by Central Government Bodies formulating:
 - mandatory standards substantially different from international standards;
 - quality assurance systems;
 - international or regional quality assurance systems or arrangements.
 - (f) technical assistance to developing countries, inter alia, for the following purposes:
 - (i) for the establishment of national standards bodies and for facilitating their participation in international standardization activities;
 - (ii) for the establishment of quality assurance systems;
 - (iii) to enable producers from developing countries to participate in quality assurance systems;

- (iv) to enable the developing countries to establish such institutions and legal framework as would enable it to participate in regional or international quality assurance systems;
- (v) to advise developing countries as to the methods by which mandatory standards could be met.
- (g) special consideration in the permanent machinery to be set up under the code to the problems of developing countries, including the extent to which the code could assist these countries in overcoming technical barriers to their exports.

Health and sanitary regulations

- (5) Agreement on a code or a set of general guidelines for the formulation and administration of health and sanitary regulations in order to reduce or eliminate their trade restrictive or distortive effects including, inter alia, the following elements:
 - (a) elimination of health and sanitary regulations which constitute barriers to trade and are no longer necessary;
 - (b) reasonable relaxation of regulations currently in force;
 - (c) equal treatment for both domestic and imported goods;
 - (d) ensuring that new health and sanitary regulations are not more stringent than necessary;
 - (e) closer co-operation between exporting and importing countries in regard to testing and issuance of certificates of conformity;
 - (f) elimination of discriminatory aspects of existing regulations to the disadvantage of developing countries;
 - (g) co-operation among international organizations dealing with health and sanitary regulations;
 - (h) technical assistance to developing countries by developed countries applying health and sanitary regulations in connexion with any specific problems which the former may be facing in complying with such regulations; and
 - (i) establishment of enquiry points from which all relevant information regarding health and sanitary regulations and the methods used for their enforcement would be available to interested developing countries.

Export subsidies and countervailing duties

- (6) Elaboration of Article XVI of GATT, taking into account the trade and development needs of developing countries, and the relevant provisions of Part IV of GATT, such as Articles XXXVI(5) and XXXVII(3)(C), including, inter alia, the following elements:
- (a) special regard by the developed countries to the trade interests of developing countries in the application of countervailing duties;
 - (b) recognition of export subsidies or incentives as a special promotional device for the exports of developing countries.

Variable levies

- (7) Adoption of the following measures:
- (a) exemption of developing countries from variable levies or reduction of these levies in favour of developing countries;
 - (b) where tariffs are also applied in addition to variable levies, the elimination of either variable levies or tariffs, preferably the one having higher incidence;
 - (c) where only variable levies are applicable and their elimination is not possible for certain valid reasons, the replacement of such levies by tariff equivalents which should be progressively reduced leading to elimination in favour of developing countries.

State trading

- (8) Agreement on principles relating to State trading including, inter alia, the adoption of policies by State-trading enterprises or agencies in developed countries for:
- (a) increasing purchases from developing countries under favourable terms;
 - (b) long-term global commitments as regards products of export interest to developing countries.

Government procurement

- (9) Agreement or guidelines concerning government purchasing, such as:
- (a) adoption of policies by government purchasing agencies in developed countries providing for more favourable terms to facilitate increasing participation by developing countries in such activities;
 - (b) treatment for tenderers from developing countries no less favourable than that accorded to domestic suppliers;

- (c) application of public and automatic tenders;
- (d) more precise criteria for the evaluation of tenders, and their application to both domestic and foreign suppliers;
- (e) wide publicity to announcements or notices of tenders sufficiently in advance to enable suppliers in developing countries to participate in them.

Packaging and labelling regulations

- (10) Agreement on a code of behaviour in the application of these regulations, providing, inter alia, for
 - (a) simplification and harmonization of packaging and labelling regulations;
 - (b) closer co-operation among governments and international organizations with a view to co-ordinating their activities as regards these regulations;
 - (c) wide publicity of packaging and labelling regulations;
 - (d) technical assistance to developing countries for complying with these regulations.

Import documentation

- (11) Elaboration of guidelines for the simplification and harmonization of the requirements for import documentation which create special difficulties for developing countries because of their inability to comply with these requirements.

Internal charges and revenue duties

- (12) Elimination of internal charges and revenue duties on primary products exported by developing countries on a preferential basis. In particular:
 - (a) if such charges cannot be eliminated for compelling reasons proceeds therefrom should be paid to the developing exporting countries concerned;
 - (b) when changes in tax systems are made or contemplated, taxes on tropical products, including processed and semi-processed products exported by developing countries, should be eliminated;

- (c) where harmonization of tax systems is contemplated, tropical products, including processed and semi-processed products exported by developing countries, should be exempted from tax altogether; and,
- (d) selective taxes should be eliminated and not be replaced by general consumption taxes or other similar taxes.

6. I am sorry to have taken up so much time of the Committee. However, we felt the need to put forward these ideas in response to the oft-repeated advice given to developing countries, that they should come forward with specific suggestions with regard to the problems of particular interest to them. I hope these ideas will be given careful consideration leading to the adoption of concrete proposals for submission to the Preparatory Committee in July.