

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1871

19 October 1962

Limited Distribution

COUNCIL

22 October 1962

REVIEW OF THE PROCEDURES ON RESIDUAL IMPORT RESTRICTIONS

Note by the Executive Secretary

1. Following discussions on various occasions of the question of removal of quantitative import restrictions which were no longer justified on balance-of-payments grounds, the CONTRACTING PARTIES approved, at their seventeenth session in November 1960, certain procedures for dealing with such "residual restrictions". These procedures, comprising three paragraphs dealing, respectively, with (a) notifications, (b) consultations and (c) consideration by the CONTRACTING PARTIES, are set out in Basic Instruments and Selected Documents, Ninth Supplement, pages 19-20. When these procedures were adopted, it was agreed by the CONTRACTING PARTIES that they should be regarded as an arrangement of an interim nature and that they should be reviewed by the Council in the light of experience. The Council were instructed at that time to report their views to the nineteenth session (cf. SR.17/8).
2. At the nineteenth session, held in December 1961, the CONTRACTING PARTIES approved the proposal of the Council that this review be postponed until 1962 (cf. SR.19/8). At its meeting in April-May 1962, the Council agreed to defer further consideration of the question until the meeting immediately preceding the twentieth session. The secretariat was instructed to prepare a background document describing the operation of the procedures in question (cf. C/M/10).
3. The present document, prepared in accordance with that instruction, describes first the implementations of paragraph 7 of the procedures concerning notification of residual restrictions, and gives an account of the consultations and other steps taken by governments or by the CONTRACTING PARTIES in the manner envisaged in paragraphs 8 and 9 of the procedures.

(A) NOTIFICATIONS

4. Under paragraph 7 of the procedures, contracting parties were invited to submit lists of import restrictions which they applied contrary to the provisions of the General Agreement and without having obtained authorization of the CONTRACTING PARTIES. In September 1961, the Council agreed on the form which such notifications should take and the kinds of restrictions which should be included (see C/M/4).

5. In connexion with the pending review of the procedures, it was also agreed by the CONTRACTING PARTIES at the nineteenth session that the notifications received from contracting parties should be examined by a Panel of Experts with a view to ascertaining their adequacy (cf. SR.19/8 and SR.19/11). The Panel met in February and May 1962 and submitted two reports to the Council (L/1716 and L/1774). The notifications, which in many cases have been brought up to date or made more complete on the advice of the Panel, have been reproduced in consolidated form in a single document (L/1769 together with addenda thereto). The view of the Panel as regards the adequacy of the notifications is set forth in its second report in L/1774.

(B) CONSULTATIONS

6. Paragraph 8 of the procedures recalls the existing procedures of GATT providing for consultations and the procedures previously adopted by the CONTRACTING PARTIES concerning joint consultations on questions affecting the interests of a number of contracting parties. Pursuant to these procedures a number of consultations have taken place. The following are cases which have been brought to the attention of the CONTRACTING PARTIES or the secretariat:

(i) Consultations with Italy

7. At the fifteenth session in November 1959, the Government of Italy, having ceased to be entitled to apply restrictions under Article XII, undertook to submit a report to the sixteenth session on measures taken and on a programme for the progressive elimination of the remaining import restrictions. In January 1960 and at the sixteenth session in May 1960, the CONTRACTING PARTIES were apprised of certain liberalization measures undertaken by Italy.

8. At the sixteenth session the Italian Government expressed its readiness to enter into consultations under Article XXII:1 on the remaining restrictions, and such a consultation was initiated by the United States. The Governments of Canada, Australia and New Zealand claimed a substantial trade interest in a varying range of the products which were the subject of the consultation and participated therein. In the course of this consultation, held in September 1960, the Italian Government announced important measures of liberalization, whereupon the consultations were directed to a more limited negative list of restrictions. It was stated by the Italian delegation that Italy was at that time actively engaged in considering further measures. At the close of the seventeenth session in October 1960, the CONTRACTING PARTIES agreed that, should it be so requested by the United States, the Chairman should promptly appoint and convene a working party to consider the Italian restrictions which had been the subject of consultation under Article XXII:1.

9. Such a request was subsequently received and a working party was accordingly convened. It was understood that the Working Party would proceed within the framework of paragraph 2 of Article XXII. In the course of the meetings of the Working Party, held in March 1961, the Italian Government

announced a series of further measures which it intended to take in the near future. The discussions at the Working Party were reported to the CONTRACTING PARTIES in document L/1468. Paragraph 19 of the report noted that Italy would report on the implementation of the liberalization measures it had promised and submit a revised list of residual restrictions, and that Italy undertook to present a programme to the CONTRACTING PARTIES before 31 July 1961 setting out its plans for the elimination of the residual restrictions. Reports by Italy on these points are reproduced in L/1468/Add.1 and 2.

10. At the time of the consultation in March 1961, the CONTRACTING PARTIES were informed also that Japan had been engaged in consultations under Article XXII:1 with Italy concerning the Italian restrictions (L/1448). While the latter consultation was in progress Italy removed a number of items from its restricted list applying to Japan. Successive steps taken by Italy have since greatly reduced the Italian negative list for Japanese goods (L/1547 and Add.1 and L/1815).

11. At the request of Israel, a consultation under Article XXII:1 was held between Italy and that country in September 1961 concerning Italian discriminatory restrictions affecting Israelian exports. On the proposal of Israel, the CONTRACTING PARTIES appointed at the nineteenth session a working party to carry out a consultation with Italy under Article XXII:2. As a result of this consultation the Italian Government undertook to extend more liberal treatment to imports from Israel, to engage in further discussions with Israel and to report progress to the CONTRACTING PARTIES (L/1675). Liberalization measures in accordance with these undertakings were taken by Italy in December 1961 and April 1962 (L/1786 and C/M/10).

(ii) Consultations with France

12. France disinvoked Article XII in June 1960. In November 1960 the United States requested a consultation under Article XXII:1 with France concerning the products which remained subject to quantitative restriction when imported into France from the United States. Certain other contracting parties (Canada, Australia, New Zealand and Israel), pursuant to the procedures relating to joint consultations, were joined in the consultation with respect to the products in which they had a substantial interest. At the outset of the consultation, held in April 1961, France reported a further extension of liberalization, effective at the end of March, in addition to that made at the end of 1960. As a result of these new measures, a considerable number of products were removed from the list of items subject to restriction on importation from the former OEEC countries, Canada and the United States. Practically no industrial item remained on this restricted list; the remaining restrictions applied mostly to products in the agricultural field.

13. The CONTRACTING PARTIES were informed of this consultation in May 1961 and noted that some of the contracting parties which had participated in it reserved the right to bring this matter before the Council at its meeting in September 1961, and that they hoped the French Government would be in a position by that time to indicate what further measures of liberalization had been or would be taken.

14. Since then further steps of liberalization have been taken by France, resulting in a substantially shortened negative list (L/1723) for imports from the former OEEC countries, United States and Canada. (Cf. also the Liberalized Imports List for other contracting parties in L/1783.)

15. In May 1961, the Government of Uruguay requested a consultation with France on French restrictions which affected certain Uruguayan exports (L/1496). This consultation was held in September and provided the opportunity for an exchange of views on the nature and scope of the restrictions in question as well as their effects on trade.

(iii) Consultations with other contracting parties

16. In implementation of the procedures of Article XXII and paragraph 1 of Article XXIII, the Government of Uruguay made representations to and initiated consultations with a number of contracting parties in 1961. Most of these consultations have since led to a request for action by the CONTRACTING PARTIES under paragraph 2 of Article XXIII, which is described in the following paragraph.

(C) ACTION BY THE CONTRACTING PARTIES

17. At their nineteenth session the CONTRACTING PARTIES were informed by Uruguay that it had made representations to and consulted with a number of contracting parties under Article XXII or XIII:1 of the General Agreement concerning trade measures affecting Uruguayan exports, and that, failing satisfactory adjustments, it might wish to request the examination of the pertinent cases under Article XXIII:2. On the instructions of the CONTRACTING PARTIES the Council, in February 1962 appointed a Panel to examine cases referred to it under Article XXIII:2 by Uruguay. The Panel began its work in March by proceeding immediately to collect the necessary information. As soon as information was supplied by Uruguay, consultations were held by the Panel, in July 1962, with the fifteen contracting parties concerned, namely, Austria, Belgium, Canada, Czechoslovakia, Denmark, Finland, France, Federal Republic of Germany, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland and the United States. The records of these consultations having been accepted by the parties concerned the Panel is at the moment deliberating the recommendations which the CONTRACTING PARTIES should make to the contracting parties concerned in terms of Article XXIII:2.

18. The Government of the United States has advised that at the twentieth session it will ask for action by the CONTRACTING PARTIES under Article XXIII:2 in respect of the residual import restrictions applied by France and Italy, which have been the subject of the consultations with these two Governments as described in paragraphs 8-9 and 12-14 above.