GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT (1985) OF THE GROUP ON QUANTITATIVE RESTRICTIONS AND OTHER NON-TARIFF MEASURES

1. The Group recalled that its mandate and terms of reference, agreed by Ministers in November 1982, were as follows:

(i) To review existing quantitative restrictions and other non-tariff measures, the grounds on which these are maintained, and their conformity with the provisions of the General Agreement, so as to achieve the elimination of quantitative restrictions which are not in conformity with the General Agreement or their being brought into conformity with the General Agreement, and also to achieve progress in liberalizing other quantitative restrictions and non-tariff measures, adequate attention being given to the need for action on quantitative restrictions and other measures affecting products of particular export interest to developing countries; and

(ii) To make progress reports to the Council. The Group's complete report containing its findings and conclusions should be available for consideration by the CONTRACTING PARTIES at their 1984 session.

2. In its Report adopted by the CONTRACTING PARTIES on 30 November 1984, the Group recommended that it continue its work with a view to making further progress in pursuance of the mandate given by Ministers and present a report containing its findings and conclusions for consideration by the CONTRACTING PARTIES at their next annual session (L/5713, paragraph 66). This report is submitted in accordance with this recommendation.

3. In addition, the Group noted that the CONTRACTING PARTIES, at their last session, had noted that "the Council had agreed to adopt the report of the Working Party on Structural Adjustment (L/5568), together with the recommendation contained in paragraph 47 asking relevant GATT bodies to take into account the insights gained and the conclusions reached in the Working Party" (L/5757/Rev.1). It was agreed that this should be borne in mind by contracting parties in the work of the Group.

4. The Group met on 20 March, 21 May and 20 June under the Chairmanship of Ambassador A. Onkelinx (Belgium) and on 9 and 18 October under the Chairmanship of Mr. J.N. Feij (Netherlands). A full account of the discussions at these meetings will be found in NTM/11-14.

Technical points

5. The Group dealt with a number of tasks of a technical nature referred to in the Group's 1984 Report (L/5713).

6. In this context, the Group recalled that the CONTRACTING PARTIES had already agreed that the quality of the data should be improved, that future notifications on quantitative restrictions should contain a precise indication of the type of restriction and that a decision should be taken on the note prepared by the secretariat on the symbols used in the documentation (paragraphs 44(a)(ii) and (e)(iii), and Annex 4).

7. Some delegations referred to the earlier discussion of the Group on this subject (L/5713, paragraph 15). They stressed that the Group needed to know more precisely the sort of restrictions that existed in order to deal with them within the framework of its mandate and that the proposed classification met this requirement. Some delegations stated that at present only contracting parties consulting in the Balance-of-Payments Committee were required to give precise information on their quantitative restrictions and that it was only equitable that other contracting parties give such information. Some delegations, while agreeing to the need for increased transparency, felt that the new classification did not take into account the complexities of existing situations. Some delegations stated that, if some governments' measures had special features, these should be described in full. The Group recommended that the symbols contained in the Annex be used for future notifications to the Group and other relevant GATT bodies and that, if governments considered that their measures could not be classified by the use of a particular symbol, when making notifications these governments should provide a precise indication of the type of restriction used.

8. The Group recalled that contracting parties had been invited to notify details of changes in the quantitative restrictions that they maintain as and when these changes occur and to make a complete notification of their quantitative restrictions once every two years so that the basic documentation could be kept up-to-date (L/5713, paragraph 44(a)). The Group underscored the need for these notification commitments to be strictly observed by contracting parties so as to ensure the accuracy and adequacy of the data on a continuing basis. The Group recommended that contracting parties should be invited to send complete notifications of the quantitative restrictions that they maintain by the end of April 1986, and at two yearly intervals thereafter. The Group noted an analysis prepared by the secretariat, in response to the request contained in last year's report (Paragraph 44(d)), identifying the different effects that quantitative restrictions might have and providing a guide to some quantitative studies of these effects (NTM/W/13, Annex A). The Group recommended that future notifications should give an assessment, to the extent possible, of the trade effects of the measures and any progress made towards the objectives laid down by Ministers. Suggestions were also made on the layout of the basic documentation on quantitative restrictions.

9. The Group then took up suggestions made by members relating to the improvement of the data contained in the Inventory of Non-Tariff Measures as called for by contracting parties (L/5713, paragraph 65(a)). In the discussion, reference was made to comments and observations made earlier in the Group on the shortcomings in this data (L/5713, paragraphs 51-55) and it was suggested that, in order to improve the quality of information, the existing data should be reviewed so as to ensure that out-of-date notifications were deleted or up-dated as appropriate. The Group recommended that both the governments which have made notifications and

governments maintaining the measures should be invited to provide comments designed to ensure that, where appropriate, notifications are deleted or suitably modified or supplemented, and that each of the notifications in the Inventory contain:

(i) an indication of the precise nature of the measure;

(ii) where applicable, a full description of the products affected, including the corresponding CCCN heading;

(iii) a statement on the effects of the measure;

(iv) a reference to relevant GATT provisions.

10. The Group recommended that the above format should also be strictly adhered to in respect of future notifications.

11. The Group next considered a proposal for the preparation of a comprehensive data base on quantitative restrictions and other non-tariff measures (L/5713, paragraphs 17, 44(a) and 65(a)). In the discussion it was pointed out that this proposal called for a document summarizing the information already available in the NTM/W/6/- documentation and in the Inventories of Non-Tariff Measures and in other GATT documents, so as to present a clearer overall picture on a country-by-country basis of existing quantitative restrictions and non-tariff measures. The Group noted that it was already agreed that the secretariat should undertake further analyses of quantitative restrictions and other non-tariff measures (L/5713, paragraphs 44(d) and 65(c)) and that the secretariat intended to include tables of the type requested when revising its analysis of the basic data (NTM/W/9).

12. The Group then took up the question of the timing of the periodic multilateral reviews of the accuracy and adequacy of the documentation and the grounds and GATT conformity of measures called for by the CONTRACTING PARTIES (L/5713, paragraphs 44(c) and 65(e). Given the date for the submission of data and the time needed to process these, the Group recommended that the first of these reviews should be held in October 1986. Noting that the CONTRACTING PARTIES had called for new notifications on quantitative restrictions once every two years, the Group recommended that the periodic review of the adequacy and accuracy of the data should take place at two yearly intervals thereafter.

Progress in elimination/liberalization of quantitative restrictions and other non-tariff measures

13. It had been agreed last year that contracting parties should, pursuant to the Ministerial mandate reproduced above, make specific written proposals by the end of April 1985 to achieve the elimination of quantitative restrictions which are not in conformity with the General Agreement, or their being brought into conformity with the General Agreement, and also to achieve progress in liberalizing other quantitative restrictions and non-tariff measures (L/5713, paragraphs 44(i) and 65(g)). Specific written proposals were accordingly invited from all contracting parties. Proposals were received from Australia, Canada, Chile, the European Communities, Hungary, Japan, Republic of Korea, New Zealand,

Norway, South Africa, Spain, Sweden and the United States (NTM/W/12 and Addenda 1-12). The proposals dealt with steps taken, or proposed to be taken, by contracting parties to eliminate or liberalize quantitative restrictions maintained by them. Certain of the written proposals dealt with steps taken to liberalize certain types of non-tariff measures affecting imports. Some written proposals also made suggestions on ways of making further progress in the future in the areas of quantitative restrictions and other non-tariff measures.

14. The Group then conducted a multilateral review of progress made in achieving the objectives laid down by Ministers in the areas of quantitative restrictions and other non-tariff measures, as called for in the Group's (1984) Report (L/5713, paragraphs 44(i) and 65(g)). It recalled that, in the exercise, priority attention should be given to products of export interest to developing countries (L/5713, paragraphs 44(j) and 65(h)).

Quantitative Restrictions

15. The main data for this part of the review was contained in the NTM/W/6/- documentation and Part IV of the Inventory of Non-Tariff Measures (Industrial Products) in NTM/INV/IV and Addenda. The main focus of this part of the review was the proposals by contracting parties contained in NTM/W/12 and Addenda.[1] The Group also had before it the survey by the secretariat of developments in quantitative restrictions maintained by individual contracting parties during the lifetime of the Group (NTM/W/13, Annex B).

16. A number of delegations felt that a systematic in-depth review of restrictions on a country-by-country or product-by-product basis was required to fulfil the mandate given by Ministers. They were of the view that such reviews should identify specific possibilities for liberalization in the future. Some of these delegations stressed that one purpose of the multilateral review, as called for in the Group's terms of reference and the (1984) Report, was the identification of restrictions which were not in conformity with the General Agreement with the objective of bringing about their elimination or liberalization: the possibility of negotiations was open only for the category of restrictions whose legality under the General Agreement had been established beyond dispute. These delegations were concerned to note that in their written proposals the contracting parties had dealt only with the aspect of liberalization, leaving aside the question of GATT justification for their measures which was an integral part of the Ministerial mandate. They pointed out that there could be no reciprocity for the removal of measures which were not in conformity with the General Agreement and that the first step was therefore to ascertain whether steps had been taken (or were proposed to be taken) by contracting parties during the lifetime of the Group towards the elimination of such measures or their being brought into conformity. Regarding specific measures of liberalization that were envisaged or being introduced, these

[1] European Communities (NTM/W/12), Sweden (Add.1), Spain (Add.2), South Africa (Add.3), Republic of Korea (Add.4), Norway (Add.5), Hungary (Add.6), Japan (Add.7 and Add.7/Corr.1), New Zealand (Add.8), Australia (Add.9), United States (Add.10), Chile (Add.11), Canada (Add.12).

delegations felt that it was difficult to evaluate trade possibilities offered by the written proposals as they were too general in nature and that contracting parties submitting proposals should undertake, inter alia, an evaluation of trade possibilities in general terms as well as in respect of products of export interest to developing countries. The overall assessment of these delegations was that though some limited liberalization had taken place much more needed to be done, particularly on products of export interest to developing countries.

17. Some other delegations felt that the concept of written proposals was being differently interpreted by members. The question of GATT conformity was an old one and the views and positions of contracting parties were reflected in the records of the Group's earlier meetings. These delegations reiterated their view that the categorization of measures as clearly "legal" or clearly "illegal" was difficult and that the GATT conformity of measures was not automatically dealt with merely by the citing or non-citing of GATT articles or provisions. These delegations recalled that it was in the context of these difficulties that the Group had decided to push ahead on a pragmatic basis and invite written proposals from contracting parties with the objective of bringing about as much liberalization as possible without getting bogged down with the issue of legality. These delegations had submitted specific written proposals in this spirit and they hoped that other contracting parties would also make such contributions so as to enable the Group to report some tangible progress to the CONTRACTING PARTIES at their next session. The representative of a group of delegations felt that at the moment the written proposals fell in the following categories: (i) specific efforts of liberalization in direct response to the recommendations of the Group; (ii) abstracts of various measures, general or specific, taken prior to the Group's recommendations; (iii) accounts of trade policies adopted independently of the Group; (iv) suggestions for the future work of the Group itself. He noted that few of the written proposals could be considered as being in the first category.

18. The Group then went on to take up specific points raised in connection with proposals tabled by contracting parties.

19. Commenting on the written proposal of Australia (NTM/W/12/Add.9), the representative of the United Kingdom speaking on behalf of Hong Kong felt that the movement from one category of restrictions to another could be considered as a movement towards liberalization only if it resulted in increased trade. The representative of Australia informed the Group that the wheat embargo had not been replaced with any substitute measures and the previous restrictions maintained in the textiles, clothing and footwear and passenger motor vehicles sectors had been removed subsequent to the introduction of programmes of import liberalization and industry restructuring based on tariff only measures.

20. In respect of the EEC proposal (NTM/W/12), the representative of Hong Kong stated that only eight out of the twenty-eight items included were relevant and that Hong Kong's actual trade interest related only to the measures by France, Ireland and the United Kingdom on jute sacks and bags (exports below US$25,000 in 1984). The representatives of Czechoslovakia, Hungary and Poland recalled their concerns regarding the discriminatory nature of the Community's proposal (NTM/11, paragraph 6, NTM/12,

paragraphs 14-15) which, in their view, was contrary to the basic provision of the GATT and to the mandate and recommendations of the Group and requested that it be reconsidered. The representative of Hungary considered that the discriminatory step taken by some member States of the EEC constituted a violation of their obligations and contributed to the further erosion of the basic rules and principles of the GATT. He found this all the more regrettable, because the EEC, as a major trading power bore a special responsibility to the maintenance of the multilateral trading system and to the respect of its rules. The representative of the European Economic Community noted that of the countries concerned, only one had sent a written proposal to the Group. He felt that contracting parties should fulfil this first stage before asking for revisions in proposals presented by other contracting parties. He stated that Hungary, Poland, Czechoslovakia and Romania were not excluded from the Community's liberalization proposal and that the Community was examining how to remove trade barriers as far as it could at the present time. A review of the European Community's proposal was underway but any revision would have to take into account the realities of the situation. The representatives of Hungary and Poland considered that the Group's mandate required that all existing quantitative restrictions and other non-tariff measures should be examined and priority given to the task of achieving the elimination of measures not in conformity with the General Agreement or their being brought into conformity.

21. Commenting on the written proposal by Japan (NTM/W/12/Add.7), the representative of Hong Kong expressed interest in the package of external economic measures, in particular the improvements in standards, certification systems and import testing procedures in respect of cosmetics and foodstuffs as they were likely to affect 8 per cent (or around US$50 million) of Hong Kong's exports to Japan. The delegation of Argentina expressed the view that the liberalization measures undertaken by Japan were more the result of factors extraneous to the requirements of the Group's mandate and requested the Japanese delegation to provide an evaluation of the benefits that would accrue from the measures to the trade of contracting parties on a multilateral basis. The representative of Japan recalled that steps towards liberalization had been taken at various times since 1983. Japan was mindful of the Ministerial Declaration and the Group's mandate in undertaking the measures and it was also in this spirit that further measures to improve market access were being contemplated under Japan's proposed Action Programme.

22. In regard to the written proposal of the Republic of Korea (NTM/W/12/Add.4), the delegation of Hong Kong stated that the product coverage appeared to be very substantial but in the absence of precise tariff lines, it was difficult to make an accurate assessment. The representative of Korea stated that his authorities had announced a list of 235 import items to be liberalized with effect from 1 July 1985, including shellfish, sugar, cocoa, aluminium ingot, electric computers, colour television sets, fur products and woollen knitwear (subsequently published as NTM/W/6/Rev.2/Add.4). Simultaneously, in accordance with the Advance Notice System, 308 items to be liberalized in 1986 had also been announced to enable domestic industry and foreign export interests to prepare themselves for the changes. The full description of the items would be circulated to contracting parties in due course. The list of items proposed to be liberalized in 1987 and 1988 was expected to be announced next year.

23. The delegation of Hong Kong expressed particular interest in five items included in the written proposal of New Zealand (NTM/W/12/Add.8). In two items (printed matter and certain dolls and toys) there was a 5 per cent increase in the level of access; in two other items (knitted or crocheted cotton fabrics CCCN 6002 and MMF yarn items 56.141 and 56.143) details of liberalization were not clear; and in the last item (radio and television receivers 85.048) it seemed that the benefit from liberalization for developing countries would be largely offset by the removal of tariff preferences. The representative of New Zealand stated that in respect of the electronic products mentioned by Hong Kong, developing country preferences would remain intact during the tariff-testing period. Presently, the licensing system affected 24 per cent of New Zealand's imports. New Zealand's intention was to move to a tariff-only régime which would lead to increased trading opportunities for all contracting parties.

24. In respect of the written proposal of South Africa (NTM/W/12/Add.3), Hong Kong had a significant trade interest in fourteen out of the 2,400 items being considered for removal from import control as these covered up to 25 per cent of Hong Kong's exports to South Africa. The representative of South Africa informed the Group that of the 2,400 items considered for liberalization, nearly all would be liberalized with effect from 1 July 1985. The authorities considered that this was a bold step in conditions of sluggish economic recovery, inflation and unacceptably high unemployment levels. The list of liberalized items would be circulated to members in due course (subsequently published in NTM/W/6/Rev.2/Add.3). The representative informed the Group that further liberalization measures were under consideration and information on these would be communicated to the Group at an appropriate time.

25. Referring to the written proposal of Spain (NTM/W/12/Add.2), the representative of Argentina recalled that the justification cited for Spain's quantitative restrictions was its Protocol of Accession to the GATT and wanted to know how Spain proposed to deal with these restrictions after accession to the European Economic Community. The representative of Spain stated that in future Spain would abide by the terms of its accession to the Community. The representative of the United Kingdom, speaking for Hong Kong, indicated that had limited trade interest in the proposal i.e. in five out of the sixteen items included and these had accounted for only US$200,000 worth of Hong Kong's exports in 1984.

26. In respect of the written proposal of Sweden (NTM/W/12/Add.1), Hong Kong welcomed the removal of the global quota on rubber or plastic boots. Responding to a query from the delegation of Hungary regarding the precise date of elimination of certain bilateral quotas by Sweden, the representative of Sweden noted that bilateral consultations between his government and the Hungarian authorities had recently taken place and suggested that bilateral discussions would be beneficial before the matter was pursued in the Group.

Quantitative Restrictions on Products of Export Interest to Developing Countries

27. The Group reviewed progress made towards the objectives laid down by Ministers with regard to quantitative restrictions affecting products of particular export interest to developing countries. This part of the review focussed on an analysis by the secretariat (NTM/W/13, Annex C).

28. Some delegations were struck by the number of quantitative restrictions maintained on these products. Some other delegations observed that no GATT justification had been cited for a number of restrictions and suggested that the main purpose of the review should be to ascertain what had been done towards their elimination or liberalization. The representative of a group of delegations reiterated the view that in a number of instances though GATT cover had been claimed by the maintaining countries, the justification had not been accepted by all contracting parties.

Canned Products

29. The representative of Japan recalled that in April 1984 his authorities had undertaken certain liberalization measures covering, inter alia, products in this category, e.g. prepared or preserved pig meat or offal, corned beef, fruit purée and paste, fruit pulp, canned pineapple, non-citrus fruit juices (details in L/5648).

30. In reply to a question from Argentina the representative of New Zealand pointed out that his authorities did not claim GATT cover for their licensing system which predated the GATT but since the intention of the authorities was to move to a system based on tariffs only, the issue of GATT conformity had become largely academic.

31. The representative of South Africa cited Article XI:2(b) as the relevant GATT provision for South Africa's liberal licensing régime in respect of products under the CCCN tariff heading 2001.

Leather

32. A number of delegations requested further clarification in respect of the liberalization measures undertaken by Japan during the lifetime of the Group, including an evaluation of the improved market access possibilities opened up by the measures for contracting parties in general and developing countries in particular. Information was also sought by these delegations on the steps taken by Japan to implement the recommendations of the Report of the Panel on Japanese Measures on Imports of Leather (L/5623). The representative of Japan stated that his authorities had indicated that progressive efforts would be made in the direction of eventual conformity with GATT provisions. Several steps had already been announced, for example the elimination of tariffs on bovine and equine wet blue chrome grain with effect from 1 April 1985 and the measures described in Japan's written proposal (NTM/W/12/Add.7). He further stated that, having reviewed the existing import quota system on leather, Japan intended to introduce new tariff measures to replace this system.

33. The representative of Norway informed the Group that liberal licensing for CCCN tariff items 4202 and 4203 had been replaced by automatic licensing. The bilateral quota in these two tariff positions applied to the Republic of Korea and was in accordance with the bilateral agreement concluded in connection with Korea's accession to GATT.

34. The representative of South Africa stated that all except five CCCN tariff positions (4101, 4104, 4105, 4301 and 4302) had been liberalized entirely, that discretionary licensing and prohibition had been eliminated and that Article XX(d) had been dropped as a justification for South Africa's existing restrictions in this product sector.

Footwear

35. The representative of Hong Kong said that Hong Kong's exports to several important markets abroad had been adversely affected by quantitative restrictions. For example, footwear exports to Japan in 1984 amounted to only US$7,500 which was no more than 0.01 per cent of Hong Kong's total exports of footwear. Among the causes identified were the size of the quota and lack of transparency in the implementation of the quota régime. The representative welcomed Japan's publication of the size of the quota as a move towards greater transparency. The representative of Japan stated that Japan was making efforts to improve market access progressively despite serious economic and social problems in this sector. The Group noted that, pursuant to consultations between the United States and Japan under Article XXIII:1 on footwear, the Council, in July 1985, had agreed to the establishment of a Panel. The representative clarified that the measure being considered for implementation from September 1985 and referred to in the secretariat's analyses (NTM/W/13, page 29) concerned publication of the size of quota.

36. The representative of Hong Kong stated that exports of footwear parts to New Zealand had declined by 60 per cent in the last ten years while increasing 100 per cent for the rest of the world. The representative of New Zealand stated that the seven year Industry Development Plan in respect of footwear had commenced in July 1983 and would run until 1990. Under increasing liberalization envisaged by the Plan, there was considerable scope for improvement in Hong Kong's exports to New Zealand.

37. The representative of Hong Kong also referred to South Africa's Article XIX action on footwear, stating that following the increase in South Africa's bound rates on certain footwear, Hong Kong's exports had dropped by more than 30 per cent in early 1985. The representative wanted to know the duration of the Article XIX action as South Africa's notification to the GATT did not provide a specific time-limit. The representative of South Africa stated that the measure came under specific procedures which were not appropriately discussed in the Group, that the matter was under review and that the action would be removed at the earliest possible opportunity. The representative of Hong Kong did not share the view that Article XIX measures could not be discussed as the Group's mandate included the review of quantitative restrictions other than those which were not in conformity with the General Agreement so as to achieve progress in their liberalization.

38. Some delegations referred to reports that certain quantitative restrictions in this sector were being contemplated by the United States' authorities and requested information on developments. They felt that any new restrictions would be contrary to the Ministerial Declaration, the Group's mandate and the proposal for a future work programme suggested by the United States itself. The United States representative took note of these concerns. He indicated that the report of the United States International Trade Commission would probably be transmitted to the President about 1 July and the President would then have sixty days to take a decision on the matter. The Group was subsequently informed that, on 28 August, the President notified the Congress of his decision not to impose quotas on non-rubber footwear imports.

Tableware

39. The representative of South Africa informed the Group that with the recent liberalization measures South Africa's liberal licensing régime in respect of both CCCN tariff headings 6911 and 6912 had been entirely liberalized.

Electronic Products

40. The representative of Hong Kong suggested that the coverage of items in this section of the secretariat's informal note should be expanded to include certain other products of export interest to the developing countries, for example, electronic toys (ex 9703); gramophones, other sound recorders, etc., (ex 9211); electronic watches (ex 9101).

Other Non-Tariff Measures

41. The Group reviewed progress made in liberalizing other non-tariff measures.

42. The main data for this part of the review was the Inventory of Non-Tariff Measures (Industrial Products) contained in NTM/INV/I-V and Addenda, and written proposals submitted by contracting parties. The Group also took note of the suggestions contained in the secretariat's note (NTM/W/13) on techniques for dealing with other non-tariff measures and the secretariat's analyses of the types of problems identified in the Inventory of Non-Tariff Measures (NTM/W/13, Annex D).

43. A number of delegations stressed the urgent need to tackle other non-tariff measures in view of their proliferation and their increasing impact on international trade. They stressed that the Group's work on quantitative restrictions and other non-tariff measures was to be regarded as one integrated exercise and that insufficient progress in the latter area would inevitably condition their ability to contribute further in the former.

44. The proposal of Canada (NTM/W/12/Add.12) referred to the steps taken to bring about improvements in certain non-tariff measures maintained by Canada, e.g. the entry into force on 1 December 1984 of the Special Import Measures Act and the implementation as of 1 January 1985 of the Valuation Code, both of which would point logically to the deletion of a number of measures notified against Canada in the Inventory of Non-Tariff Measures. Japan's written proposal (NTM/W/12/Add.7) dealt, inter alia, with steps taken to liberalize certain types of non-tariff measures other than quantitative restrictions affecting imports. Japan's external economic measures had included other non-tariff measures and the proposed Action Programme would give further emphasis to improvements in the area of certification, standards and other import procedures (details in L/5858).

45. The Group noted that little concrete progress had been made to date towards the objectives laid down by Ministers either in general terms and on products of particular export interest to developing countries.

Ways of making further progress

46. Having reviewed existing quantitative restrictions and other non-tariff measures with a view to identifying progress towards the objectives laid down by Ministers, the Group turned its attention to techniques that might be used in the future to achieve these objectives. It noted that a number of written proposals made by contracting parties contained suggestions in this regard (Chile, NTM/W/12/Add.11; United States, NTM/W/12/Add.10) and that the secretariat had identified a number of techniques for dealing with quantitative restrictions (L/5713, Annex 3) and other non-tariff measures (NTM/W/13, Annex D).

47. The Group recalled that future work should not exclude measures maintained in any sector but that work in other GATT bodies would need to be taken into account. Many delegations considered that the review conducted in the Group had been useful and that further reviews should be held. Some delegations suggested that these should be held yearly or once every two years. Other delegations were of the view that to take a decision now on the regularity and periodicity of such reviews would be premature. The Group recommended that a multilateral review should be held in October 1986 with a view to achieving progress in the elimination of quantitative restrictions which are not in conformity with the General Agreement or their being brought into conformity with the General Agreement and in liberalizing other quantitative restrictions and non-tariff measures and that, in the review, priority attention should continue to be given to measures affecting products of export interest to developing countries. The Group also recommended that a decision regarding further reviews directed towards this aim should be taken at that time in the light of experience gained from the exercise.

48. The Group noted that the basic data, updated to take into account new notifications from contracting parties, and a secretariat analysis of this data organized into summary tables as requested would provide a basis for the review. The Group recommended that certain other sectors of export interest to developing countries should be included in future analyses by the secretariat of quantitative restrictions on products of export interest to developing countries. It was suggested that Annex 2 of NTM/W/9 would be useful in identifying such sectors. It was suggested that some difficulty had been experienced in identifying other non-tariff measures of particular interest to developing countries, either because the products which they affected had not been identified or because they were not product-specific. The Group recommended that the secretariat, in consultation with interested delegations, should prepare analyses on which this work might be based.

49. The Group recommended that contracting parties, following on the submissions already presented this year, should also make specific written proposals by the end of April 1986 directed towards the achievement of the objectives laid down by Ministers.

50. The Group then discussed the way in which the review might be organized. Some delegations stressed the need for well defined procedures providing for an in-depth review of both quantitative restrictions and other non-tariff measures. Some delegations suggested that the review of progress made in the elimination or liberalization of quantitative restrictions and other non-tariff measures maintained by contracting

parties should be organized on a country-by-country basis. Some other delegations recalled that in the past the Group had adopted a sector-by-sector approach on the grounds that this method would be more appropriate for an action-oriented analysis of developments in important product sectors. The Group recommended that a certain amount of flexibility should be permitted and that, when reviewing action taken or proposed by contracting parties to eliminate or liberalize quantitative restrictions and other non-tariff measures which they maintain, the Group should allow discussion both of questions addressed to individual delegations in respect of measures maintained by their governments and of any questions which related to measures affecting specific product sectors.

51. Some delegations reiterated their concern regarding cases of contracting parties invoking balance-of-payments, development or infant industry reasons for quantitative restrictions maintained by them without following the relevant procedures laid down by the General Agreement for the examination and review of such measures. The Group recognized that action was being taken in other GATT fora, notably the Committee on Balance-of-Payments Restrictions, on this subject and noted that next year's review would, inter alia, be examining steps taken by contracting parties to bring existing quantitative restrictions and other non-tariff measures into conformity with the General Agreement.

52. It was suggested that the review to be held in October 1986 (see paragraph 47) should not only examine action taken unilaterally by individual contracting parties, but should also consider in more depth what action might be taken on a bilateral, plurilateral or multilateral basis and what the modalities for such action might be. Some delegations stressed the particular importance of such action if contracting parties were to come to grips with problems in the area of other non-tariff measures. The Group noted some suggestions on these matters which had been made in its discussions last year (L/5713, paragraphs 62 and 63) and some suggestions made by the secretariat (NTM/W/13, Annex D). The Group recommended that consideration should be given to drawing up bilateral request and offer procedures, subject to multilateral surveillance, that could be used to eliminate or liberalize non-tariff measures. It was suggested that certain proposals submitted to date could form a basis for this purpose. The Group also recommended that the Inventory of Non-Tariff Measures should be examined with a view to identifying areas that might warrant multilateral action and, if so, what action might be taken.

53. Some discussion took place in this connection about the work of the Group and possible future negotiations being discussed in other GATT fora. It was recalled that some delegations had, for instance, stated repeatedly that measures which were not in conformity with the General Agreement should, in accordance with the 1982 Ministerial Mandate, be eliminated or brought into conformity with the General Agreement and that these measures could not be the subject of negotiation. On the other hand, some delegations recalled the discussion that had taken place in the Group on this subject and pointed out that it would hardly be possible to deal with some quantitative restrictions and non-tariff measures outside the context of a negotiation. It was also suggested that in any future negotiation an opportunity should be given to participants wishing to negotiate on quantitative restrictions and other non-tariff measures to do so. The Group agreed that, while this discussion had been useful, it should not

enter into the substantive questions relating to possible future negotiations which were being dealt with elsewhere and which were a matter for the CONTRACTING PARTIES to decide.

Conclusions

54. The Group submits this report containing its findings and recommendations for consideration and adoption by the CONTRACTING PARTIES. The recommendations will be found in the relevant paragraphs of this report, but are consolidated below for the convenience of contracting parties:

(a) The symbols contained in the Annex to the Group's (1985) Report should be used for future notifications to the Group and other relevant GATT bodies and, if governments consider that their measures cannot be classified by the use of a particular symbol, when making notifications these governments should provide a precise indication of the type of restriction used (paragraph 7).

(b) Contracting parties should be invited to send complete notifications of the quantitative restrictions that they maintain by the end of April 1986, and at two yearly intervals thereafter. Future notifications should give an assessment, to the extent possible, of the trade effects of the measures and any progress made towards the objectives laid down by Ministers (paragraph 8).

(c) In respect of the Inventory of Non-Tariff Measures, governments which have made notifications and governments maintaining the measures should be invited to provide comments designed to ensure that, where appropriate, notifications are deleted or suitably modified or supplemented. The agreed format for such notifications should be strictly adhered to (paragraphs 9-10).

(d) The first periodic review of the accuracy and adequacy of the documentation and the grounds and GATT conformity of measures called for by the CONTRACTING PARTIES (L/5713, paragraphs 44(c) and 65(e)) should be held in October 1986. This review should take place at two yearly intervals thereafter (paragraph 12).

(e) A multilateral review should also be held in October 1986 with a view to achieving progress in the elimination of quantitative restrictions which are not in conformity with the General Agreement or their being brought into conformity with the General Agreement and in liberalizing other quantitative restrictions and non-tariff measures. In this review, priority attention should continue to be given to measures affecting products of export interest to developing countries. A decision regarding further reviews directed towards this aim should be taken at that time in the light of experience gained from the exercise (paragraph 47).

(f) The basic data, updated to take into account new notifications from contracting parties, and a secretariat analysis of this data organized into summary tables as requested would provide a basis for the review as agreed by the CONTRACTING PARTIES (L/5713, paragraphs 44(d) and 65(c)). Certain other sectors of export

interest to developing countries should be included in future analyses by the secretariat of quantitative restrictions on products of export interest to developing countries. The secretariat, in consultation with interested delegations, should prepare analyses to assist in the identification of other non-tariff measures of particular interest to developing countries (paragraph 48).

(g) Contracting parties, following on the submissions already presented this year, should also make specific written proposals by the end of April 1986 directed towards the achievement of the objectives laid down by Ministers (paragraph 49).

(h) When reviewing action taken or proposed to be taken by contracting parties to eliminate or liberalize quantitative restrictions and other non-tariff measures which they maintain, discussion should be allowed both of questions addressed to individual delegations in respect of measures maintained by their governments and of any questions which relate to measures affecting specific product sectors (paragraph 50).

(i) Consideration should be given to drawing up bilateral request and offer procedures, subject to multilateral surveillance, that could be used to eliminate or liberalize non-tariff measures. The Inventory of Non-Tariff Measures should be examined with a view to identifying areas that might warrant multilateral action and, if so, what action might be taken (paragraph 52).

ANNEX

Symbols for use in documentation on quantitative restrictions

P	Prohibition
CP	Prohibition except under defined conditions
GQ	Global quota
GQC	Global quota allocated by country
BQ	Bilateral quota (i.e. anything less than a global quota)
AL	Automatic licensing
NAL	Non-automatic licensing
STR	Quantitative restriction made effective through state-trading operations
MXR	Mixing regulation
MPR	Minimum price, triggering a quantitative restriction
VER	"Voluntary" export restraint
-S	Seasonal restriction
-X	Export restriction