

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/NTM/W/9

24 April 1975

Special Distribution

Multilateral Trade Negotiations

Original: English

Group "Non-Tariff Measures"

PROPOSAL BY THE AUSTRALIAN DELEGATION TO THE SUB-GROUP: "QUANTITATIVE RESTRICTIONS"

The following paper is circulated at the request of the delegation of Australia.

The Australian delegation considers that the first step in the consideration of quantitative import restrictions might be a discussion of the underlying reasons why countries use restrictions (including import prohibitions and so-called voluntary export restraints). In particular the Sub-Group should concentrate on long-standing restrictions.

Considering the difficulties experienced in practice in eliminating quantitative import restrictions inconsistent with the GATT trade rules, a method of proceeding that is realistic and offers the possibility of progress is needed.

The Australian delegation proposal is that the Group draw up a list of broad categories against which particular measures could be examined. Such a list would seek to illustrate in practical terms the motives behind the introduction and maintenance of restrictions. It would not be concerned with classifying all the individual restrictions, but with drawing up a list of categories from the point of view of purpose or motive.

The list might include the following:

- (i) Restrictions administratively necessary to apply standards or regulations for the classification, grading or marketing of products, or to enforce governmental measures on morals, human, animal and plant life, health, gold and silver, national treasures, the products of prison labour, etc.;
- (ii) restrictions necessary to enforce governmental agricultural policies;
- (iii) intergovernmental commodity agreements;
- (iv) security;

- (v) emergency action restrictions to tide over temporary problems or problems of a longer term character;
- (vi) restrictions for stabilizing the consumer price or the return to producers of particular commodities;
- (vii) restrictions where other protective devices are inappropriate - screen quotas;
- (viii) restrictions imposed to meet injury or the threat of injury from restricted sources of supply (discriminatory restrictions);
- (ix) restrictions imposed for balance-of-payments purposes;
- (x) restrictions for economic development;
- (xi) restrictions applied for general protective purposes.

Other categories may suggest themselves.

An examination of measures against these categories could lead into more detailed consultations between the country applying the measures and exporters who have a direct trade interest. Such consultations could be directed to finding out the basic position in respect of those restrictions which do not conform with the GATT trade rules in relation to their reduction/phasing out or the reasons why difficulties are experienced in applying the trade rules.

It is proposed that the development of any specific rules or procedures could be left to one side until these consultations were undertaken and the results reported to the Sub-Group. Some restrictions may be found to be outdated. Some may be found to be replaceable by other measures. It may be found that some can be reduced if not eliminated or a programme of removal may already have been adopted. With regard to those "inconsistent" restrictions that remain, various possibilities exist for subsequent steps, but presumably an eventual balance of obligations and benefits would be basic. The maintenance by some governments of import restrictions inconsistent with the GATT trade rules whilst others conform with those rules presents an imbalance that in the end will presumably need to be corrected.

The Australian delegation has already made known its view that where specific restrictions are not eliminated or acceptably moderated as a result of any multi-lateral approach the trade liberalization plan should provide for the reduction or elimination of the measures in relation to the relevant individual product or

tariff item. The procedures in respect of such measures will need to be synchronized in a practical way with the negotiating plan for the reduction of tariffs and perhaps integrated with it.

This meeting:

- (a) General discussion, including a listing of categories from the point of view of purpose or motive. Such a list need not be too rigorous or detailed, but it should be compiled at this meeting.
- (b) Set up arrangements for trade-based discussions in small groups (delegations only being present) to be held during course of next meeting i.e. those countries with a significant trade interest in a particular restriction applied by a particular country and wishing to enter into a dialogue about it with the applying country will notify the secretariat within a given period; the secretariat will sift the notifications and will notify the particular countries applying the respective restrictions, and will schedule appropriate dates, times and places for the necessary meetings.

Next meeting: (Before next meeting of NTM Group)

- (a) Dialogue sessions take place as pre-arranged (with at least three weeks' prior notice).
- (b) Each small dialogue group reports back to the QR Sub-Group.
- (c) Sub-Group analyzes results.

Third meeting: (after summer recess)

- (a) Analysis from second meeting is reviewed and is related to stage reached in Safeguards and Tariff Negotiating Proposals, and as appropriate to existing GATT provisions.
- (b) Consider further steps.