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LIBERALIZATION OF TARIFF AND NON-TARIFF BARRIERS

Part I

An analysis of existing quantitative and other import
restrictions in selected developed market economy countries
on products of export interest to the developing countries

Report by the UNCTAD secretariat

The designations employed and the presentation of the material in the publication do not imply the expression of any opinion whatsoever on the part of the secretariat concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of its frontiers or as to its level of development.

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I. Summary and Conclusions

1. All the developed market economy countries covered by the study maintain quantitative restrictions and/or state monopolies on imports of manufactures and semi-manufactures, but their coverage and liberality differ greatly from country to country. Some of the countries maintain fairly comprehensive restrictions. In other cases, quantitative restrictions are applied on few items.
2. In general, quantitative restrictions are imposed either for balance of payments reasons, or to protect specific industries but - particularly in the latter case - official criteria for imposing and maintaining restrictions differ from country to country. In some developed market economy countries quantitative restrictions may in principle be imposed to protect domestic industries which would otherwise be likely to suffer damage, but in others more specific objectives are considered, for example, ensuring that national needs can be met from domestic production in times of difficulty; maintaining a sound agricultural population, national security, veterinary, phytosanitary, public health, public policy, or fiscal reasons. Some state monopolies have been established for social purposes or fiscal reasons, or to ensure that supplies are available to all domestic users at the most advantageous prices.
3. Since the liberalization that took place in OEEC, there has been some further relaxation of quantitative restrictions applied by developed market economies, although in the sector of cotton textiles a number of new restrictions have been imposed under the Long-Term Arrangement (LTA).
4. Programmes for the progressive removal of quantitative restrictions on trade among the developed market economy countries that are members of regional economic groupings, have led to the removal of restrictions on intra-trade of these countries. This liberalization has not, however, prevented liberalization of imports from third countries.
5. Quota arrangements, both global and bilateral, made up 40 per cent of the restrictions in the countries covered by the study (excluding restrictions applied under the LTA). Discretionary licensing (alone, or with other types of restrictions),

and "licensing" (without further description) made up a further 37 per cent of the number of restrictions, while state import monopolies comprised about 15 per cent.

6. Apart from monopolies, the dividing lines between these types of restrictions were, however, far from clear in practice. For instance, global quotas may apply only to limited groups of countries and allocation of licenses within quotas may be discriminatory, and similar in practice to discretionary licensing. Licensing (with no further description) can cover all possible degrees of restriction from absolute prohibition to virtually free importation.

7. For most of the developed market economies studied, imports of manufactures and semi-manufactures subject to quantitative restrictions or state monopolies had by 1967 registered substantial increases compared with 1961 or 1962. However, most of these increases in imports came from other developed market economy countries - particularly those within the same regional economic groupings to which a greater degree of tariff and non-tariff liberalization has been applied during the period under review. Overall, the developing countries as a group accounted for only a modest share of this increased trade.

8. Some suggestions for a programme of liberalization of import restrictions on manufactured and semi-manufactured products of export interest to the developing countries are embodied in section VII of this report. These include measures concerning a standstill, information relating to quantitative restrictions including the establishment of a list of these restrictions, more liberal administration of restrictions, elimination of discriminatory elements in existing restrictions, conversion of bilateral quotas to global quotas, gradual increase in global quotas and measures to be taken pending the final elimination of quantitative import restrictions. Suggestions are also made on the tasks which the sessional committee of the Committee on Manufactures could undertake with a view to identifying non-tariff barriers of concern to developing countries and to giving consideration to appropriate measures for their liberalization.

II. Introduction

9. A considerable amount of work has already been carried out by the UNCTAD secretariat on the subject of quantitative restrictions on trade in manufactured and semi-manufactured^{1/} products of export interest to the developing countries.

Documents TD/20 and TD/20/Supp.1 examined the possibilities for a programme of liberalization of non-tariff barriers to exports for these products. Document TD/B/C.2/26 presented a list of quantitative restrictions applied by the developed countries and TD/20/Supp.4, released in 1967, went into greater detail in studies of quantitative restrictions on imports of manufactures and semi-manufactures applied by the Federal Republic of Germany, France, Japan and the United Kingdom, while the origins and operations of the Long-Term Arrangement on Cotton Textiles were examined in document TD/20/Supp.3. In 1968 a further group of country studies for Austria, Denmark, Italy, Norway, Sweden and Switzerland was published in document TD/B/C.2/52.^{2/} For products of export interest to the developing countries other than cotton textiles, up-dated information on restrictions applied by countries covered by documents TD/20/Supp.4 and TD/B/C.2/52 was summarized in tabular form in document TD/B/C.2/65.

10. In October 1968 the Committee on Manufactures at its third session adopted Decision 2(III) requesting the secretariat^{3/} to collect information on quantitative import restrictions applied by developed countries on products of export interest to developing countries, taking into account information available in GATT, and to analyze the economic effects of these restrictions. In accordance with this request, new country studies have been carried out on quantitative restrictions and licencing requirements of Australia, Belgium-Luxembourg, Canada, Finland, Ireland, Netherlands, New Zealand and the United States, while the country studies previously issued in documents TD/20/Supp.4 and TD/B/C.2/52 have been up-dated by the inclusion of information that has become available since their original publication, including new statistical material.

^{1/} Throughout the remainder of this paper, all references to "manufactures and semi-manufactures" should be interpreted to mean manufactures and semi-manufactures as defined in UNCTAD document TD/B/C.2/3.

^{2/} See also document TD/B/C.2/52/Corr.1.

^{3/} TD/B/199/Rev.1 and TD/B/C.2/73/Rev.1, p.25

11. Information in this study on items subject to import restrictions gives the position in 1969 and prior to the publication of the study. Data on imports of manufactured and semi-manufactured products subject to import restrictions cover only the period 1961 to 1967, since trade statistics for 1968 and early 1969 were not generally available.
12. These studies have had two major aims:
- (i) To gather together information from all available sources on quantitative restrictions in force in the countries studied which may affect exports of manufactures and semi-manufactures by the developing countries, in order to make this information more readily available and stimulate discussion of the problems involved.
 - (ii) To try to evaluate the effects of these quantitative restrictions on the export trade of the developing countries, i.e., the extent to which they are restricting the volume and growth of exports of manufactures from the developing countries by providing protection for domestic production, or by discriminating against developing countries.
13. So far as the first aim is concerned, adequate information on quantitative restrictions is not readily available for most countries. This is particularly true as regards rules and regulations and other information concerning the administration and operation of these restrictions. For instance, it is difficult to know the sizes of quotas, the manner in which they are administered, when licensing is required, and whether or not it is restrictive in practice.
14. So far as evaluation is concerned, any quantitative evaluation of the restrictions would require a wide range of information not only about the restrictions, but about consumption, production and prices of each restricted product in exporting and importing countries. It would be necessary to find some way of comparing actual imports with imports in the absence of the quantitative restriction. Most of the information that would be needed for this is not readily available - at least at the level at which the restrictions apply.
15. For these reasons it is difficult to make at this stage a meaningful quantitative evaluation. However, wherever practicable, tables have been annexed to the country studies showing imports of products subject to restrictions from all areas, from developed countries, from developing countries and from any preferential areas (e.g., EEC, EFTA) for which data are available.

The conclusions that could be drawn from such statistics of trade alone are rather limited. For instance, the fact that developing countries supply only a small share of imports of a restricted item may not be sufficient grounds for drawing the conclusion that they are being discriminated against for this could also be due to other factors such as high prices, lack of export capacity, etc. However, if it is found that developing countries have a very small share of imports into a developed country of products that are subject to import restrictions and are already major exports of developing countries, this provides some grounds for supposing that the restrictions are impeding the trade of developing countries in the products concerned. Again, if most of the growth of imports of such proven exports of developing countries were to come from preferential areas or areas with close links, this could provide some reason for supposing that these areas were being favoured in the administration of the restrictions, although in this case tariff preferences could also be responsible. Finally, whether or not restrictions discriminate against developing countries, it may reasonably be assumed that they do restrict imports from all sources and hence that they are potential or actual obstacles to exports of manufactures and semi-manufactures by the developing countries.

III. Statement of the problem - quantitative
import restrictions and their effects

16. Quantitative import restrictions are measures that restrict the volume of imports into a country, not by artificially raising the cost of importing - as is the case when a tariff is imposed - but by placing direct limits on the quantity (or value) of imports that may enter the domestic market, irrespective of prices. The effect of such restrictions is normally to raise both prices and the level of production in the importing country, while limiting the demand for imports. This is very similar to the effect of imposing a tariff, and the resulting difference between the offer price of imports and the domestic price could be regarded as an "equivalent tariff". However, the equivalent tariff, unlike actual tariffs, is not necessarily collected by the government of the importing country. The existence of these "equivalent tariffs" generally necessitates some administrative mechanism for allocating import permits or licences.^{1/} Thus quantitative restrictions are not per se more restrictive than tariffs but they may be considered more objectionable by exporters. In practice they have often been adopted when conventional tariff rates have failed to give domestic producers the desired degree of protection and they may be equivalent to extremely high ad valorem tariffs in their effect on the quantity of imports. Also, restriction of imports to a constant level (unlike a constant tariff) does not allow imports to grow in line with the growth in demand, and places absolute limits on the extent to which new or growing industries in the exporting countries can increase their share of the market, irrespective of relative efficiency.

17. Quantitative restrictions could also be used to discriminate between imports from different countries for national policy or balance of payments reasons. Moreover, because the source of imports is generally not determined by the price mechanism, but by administrative decisions, unintentional discrimination could arise more easily than with tariffs. The trade distorting effects of such discrimination could be highly detrimental to the most efficient potential exporters and also have detrimental effects for the importing country which consequently pays a higher price for its imports (or accepts inferior products). There are many varieties of such restrictions, but four basic types can be distinguished; global quotas, bilateral quotas, discretionary licencing, and state import monopolies.

^{1/} The word "licence" will be used throughout this section to cover all forms of prior permit for imports including those subject to quantitative import restrictions.

18. As in developed market economy countries, quantitative import restrictions are also applied by many developing countries but for different reasons, namely, for economic development purposes and to assist in conserving meagre foreign exchange resources and in directing these resources to the needs of economic development. Their use as an appropriate tool for economic development in the developing countries has been generally recognized. For instance, article XVII of the General Agreement provides that contracting parties, the economies of which can only support low standards of living and are in the early stages of development shall be free to deviate temporarily from the other provisions of the General Agreement including those relating to quantitative import restrictions.

(i) Global quotas

19. Global quotas limit imports of specified products from some or all countries to a fixed amount in terms of quantity or value over a given period. It is possible for global quotas to be "ineffective" if the actual quantity that would be provided without the quota would be less than the quantity provided for in the quota. But if the quota is less than the quantity that would be demanded then some way has to be found of allocating permits or licences for imports covered by the quota among importers or exporters. It is possible for the government of the importing country to collect the "equivalent tariff" by, in effect, auctioning licences, but this is seldom done in practice. Collective tenders may also be used without the government collecting the equivalent tariff, to ensure that imports are purchased at the lowest possible prices - i.e. that competition between exporters prevents them from capturing any part of the difference between their lowest offer price, and the price in the importing country - or to discriminate between exporting countries. Such systems of collective tender (appel d'offres) operate on imports of some goods into certain developed market economy countries.

20. More generally, however, licences are issued to importers either on a "first come, first served" basis, or most frequently, on the basis of past imports or licence issues. The latter method could produce unintentional discrimination against new suppliers, particularly if importers receiving licences are associated with particular overseas producers.

21. In those cases where the government of the importing country does not collect the equivalent tariff, it is normally received by the importer unless exporters are sufficiently well organized to limit price competition among themselves. This is not

likely to happen if there is a large number of potential exporters. Exporters, or the governments of exporting countries, may also obtain the equivalent tariff in the rare cases where licences are issued to exporters, or are administered by the exporting country.

22. Many "global" quotas do not, however, cover imports from all countries. They are sometimes applied only against a limited group of important exporters, or countries enjoying preferential treatment may be exempted from the quota. Such discriminatory application of quotas could divert trade from the lowest-cost exporters to higher-cost exporters - and is generally intended to do this either as part of a preferential policy or to provide a limited measure of protection to domestic producers. It results, however, in the importing country paying a higher price for its imports. It also frequently happens that countries exempted from global quotas are subject to other forms of quantitative restrictions.

(ii) Bilateral quotas

23. What has been said about the possibility of discriminatory application of global quotas applies a fortiori to bilateral quotas. A bilateral quota may be used to favour a particular country, if it is created as an exception to a general prohibition on imports of a particular product from all countries or from a particular group of countries, or if it is operated within a more restrictive import régime for imports from other areas. Equally, a bilateral quota may be used to discriminate against a particular country if it is imposed as an exception to general liberalization or to a relatively liberal import régime for imports from other countries. In the latter case, the bilateral quota may be imposed in order to halt a rapid growth of imports from the exporting country concerned. This could be detrimental to developing countries taking advantage of low labour costs to develop new export lines. Moreover, the imposition of such a bilateral quota could give rise to a chain reaction by diverting export growth to other markets and giving rise to demands for similar restrictions in those markets.

24. Bilateral quotas are normally established following negotiation, and reciprocity may be required for preference shown in the granting of these quotas. Since the developing countries have weaker commercial bargaining power and might not be able to offer reciprocal concessions, they are placed in a relatively disadvantageous position in these negotiations. Thus, in general, global quotas are to be preferred to bilateral quotas because of their multilateral advantages. Wherever bilateral quotas exist for a large number of countries they become similar in effect to a global quota with fixed allocation between countries.

(iii) Licensing

25. Quota schemes generally are administered by means of licences or import permits. The issuance of licences is stopped once the quota has been filled. In some cases however the issuance of import licences for imports under quotas may be done in such a manner as to prevent full utilization of such quotas. In these cases the licensing procedure may become in itself an obstacle to imports. Where import licences are issued for imports for which no quotas have been established in advance, the issuance of such licences may be made on an ad hoc basis and the amount of imports that may be allowed is at the discretion of the competent authorities. This type of licensing is referred to as discretionary licensing and could obviously be used as a discriminatory device. But in some cases licensing is imposed for purposes other than restricting imports, for instance for statistical purposes, public safety, health and security reasons, etc. Moreover, for control purposes, import licences may be required for liberalized imports - so-called automatic licensing. Among these forms of licensing, discretionary licensing may be both the more discriminatory and the more restrictive of trade.

26. So far as exporters are concerned, the worst feature of this form of restriction is the uncertainty. Policy changes regarding preferred sources, or quantities to be imported could be made at any time without any notification. In practice, imports under discretionary licensing tend to be treated as a residual source of supplies, to make good any difference between domestic demand, and domestic supplies plus supplies from preferred areas. Discretionary licensing has effects on prices similar to those of quotas (although it may also be operated as a price-stabilising instrument), and again, the equivalent tariff is normally collected by importers **although** theoretically, licences could be issued in ways which allowed the exporter or the exporting country to obtain it or the government of the importing country could obtain most of it by levying a licensing fee.

27. For all these types of quantitative restriction the method of allocating import licences is extremely important. It has already been pointed out that this can determine who receives the equivalent tariff - i.e. the difference between the lowest offer price and the protected price -- and that allocation on the basis of past performance or licence issues can be discriminatory in effect. It is also possible to allocate quotas or licences in ways that prevent them from being fully utilized. In particular, quotas or licences may be valid only for a very narrow category of imports, or may be valid for very limited periods; permitted imports may be divided up among such a large number of applicants that each

receives a licence for an uneconomically small quantity; or licences for specific products, or goods from specific areas, may be allocated to businesses which are not interested in using them.^{1/}

(iv) State import monopolies

28. State import monopolies may be established for perfectly good reasons other than import restriction, but are always capable of being used to restrict imports, or to discriminate between imports from different areas in exactly the same way as quotas or discretionary licensing (except that no licences need to be issued). As with discretionary licensing, policy changes may be made at any time without notification, and imports may be used as a residual source of supply. If there is restriction, any difference between the import price and the domestic selling price goes to the monopoly.

(v) Other non-tariff barriers

29. There is a danger that, in their efforts to comply with the rules of GATT and other multinational organizations while maintaining freedom of action in the trade field, countries will resort increasingly to other types of non-tariff barriers. This would be a retrograde step because of the variety of these types of barriers, and the fact that they are often disguised as measures other than trade restrictions makes consultations concerning them difficult.

30. The country studies aim to investigate only the types of restrictions described above. Other types of non-tariff and para-tariff barriers including variable levies, government procurement, anti-dumping and countervailing duties, health and sanitary regulations and quality standards, etc. are discussed at some length in another UNCTAD document (TD/B/C.2/88). But one form of non-tariff barrier discussed in the secretariat study which deserves also to be mentioned in this paper because of the increasing importance it has assumed in recent years, in particular within the framework of the Common Agricultural Policy of the European Economic Community, is the system of variable levies designed to bring prices of imports entering the protected market to the desired price for protected products. (UNCTAD document TD/B/C.5/5 indicates how such systems operated in EEC).

^{1/} See, for example, GATT document COM.IND/6/Add.4.

31. Wherever systems of variable levies have been introduced under the EEC Common Agricultural Policy, previously existing quantitative restrictions on the products affected have been abandoned. In a formal sense this is "liberalization", because quantitative controls have been abolished. However, such systems of variable levies are equivalent to variable tariffs which rise as import prices fall. They encourage price competition between suppliers, but if this results in lower import prices it does not lead to any increase in the share of the market given to imports, and no part of the equivalent tariff is passed back to producers. Thus this is normally an extremely restrictive device which only allows imports to make up deficiencies in domestic supplies and is not automatically more liberal than, say, quotas, just because it involves no explicit quantitative restrictions.

IV. Background to the present situation

Postwar liberalization^{1/} of quantitative restrictions

32. Many quantitative restrictions on trade were imposed by developed countries in the nineteen-twenties and thirties in their attempts to solve their unemployment and balance-of-payments problems. Various special trade arrangements were developed during the Second World War, and immediately after the War acute payments difficulties led to the intensification of restrictions and general dependence on bilateral arrangements for the west European developed countries and Japan. Since then, most of these quantitative restrictions have been removed - generally within the framework of OEEC, GATT, IMF and later, EEC and EFTA - although such liberalization has not always been extended in full measure to all countries.

Organization for European Economic Co-operation

33. The OEEC's liberalization programme provided for the progressive removal of quantitative restrictions on trade among European member States and most of their colonies, and by 1959, 90 per cent of their inter-trade was free of restriction. In 1960 the OEEC Council recommended the removal of all remaining restrictions and the extension of liberalization to all GATT members. However, the original practice of extending liberalization only to member States and their colonies has led to the existence for a few developed countries of lists of countries including some developing countries to which liberalization measures do not apply.

General Agreement on Tariffs and Trade

34. The General Agreement contains a general prohibition on quantitative restrictions on imports from other members of GATT, (article XI), but there is provision for specific "waivers", and exceptions may be made for countries experiencing balance of payments difficulties (article XII); for measures to assist the development of industries in countries in the process of development (article XVIII, sections C and D); for security reasons, (article XXI) and for restrictions concerning public morals, human, animal or plant life or health; gold, silver, etc. (article XX). There is also prohibition in principle of discrimination in the application of quantitative restrictions.

35. In practice GATT, with the assistance of IMF, has been active in investigating and requesting the removal of restrictions which are inconsistent with the provisions of the General Agreement.

^{1/} A more complete survey of this is given in document TD/20/Supp.1

The European Economic Community

36. The Rome treaty setting up EEC imposed a standstill on new quantitative restrictions on imports from other member states, followed by the transformation of bilateral restrictions on these imports into global quotas open to all members. Global quotas were then to be increased at an average rate of 20 per cent per year, and abolished when the quota exceeded imports. This programme was accelerated, and by the end of 1961 virtually all quantitative restrictions on intra-trade in industrial goods had been abolished. Quantitative restrictions on intra-trade in agricultural goods should also have virtually been abolished by the end of 1969. (See document TD/B/AC.5/5.) This liberalization programme was only concerned with intra-trade of the EEC, but has not prevented liberalization of imports from third countries.
37. As of January 1969, EEC adopted within the framework of its common commercial policy, new procedures relating to quantitative restrictions applied by member States on imports from third countries.
38. All products the importation of which has been liberalized in that they are not subject to quantitative restrictions in any member country are consolidated into a common liberalization list. Products in this list are liberalized for imports from third countries specified in a separate list. Under the new regulation individual member states cannot normally impose new restrictions on the products listed when imported from the countries listed. The two lists may, however, be expanded or contracted by the EEC Council, and products or countries may be deleted from the list, for the purpose of imposing new quantitative restrictions, if the Council deems that importation of such products or from such a country into the Community is made in such quantities or under such conditions that it seriously prejudices the production of similar or directly competitive products in the Community. New restrictions may be imposed by individual member states on liberalized products only in cases of balance of payments difficulties, or in other urgent cases.
39. A common procedure has been established governing the administration of quantitative restrictions applied by member states to products on which EEC has agreements with third countries concerning import quotas. Under the regulation, import quotas are established and allocated to member countries on the basis of domestic demand. The importation of these products will follow the import regulation applied in each member State and import licences will be issued on a 'first come, first served' basis or on the basis of a collective tender. A committee was established in EEC to administer these procedures.
40. The Community has also established special procedures for the importation from third countries of certain products which are not subject to quantitative restrictions

in member states. Under this regulation, certain agricultural and industrial products, whether or not subject to a common market organization, may be imported under certain conditions or under import supervision. These products, which are determined either by the EEC member states or the EEC Council, are subject to import certification and prior declaration of imports. However, the EEC Council can impose quantitative restrictions on any of these products, shorten the validity of the documentation required for importation, or suspend the grant of import visas or other certificates when it is deemed that the importation of the product or products concerned is detrimental to the production of similar goods or directly competitive goods in the Community.

The European Free Trade Area

41. The EFTA countries had a programme similar to that of EEC for liberalizing quantitative restrictions, except that in their case the programme was limited to industrial products. There was a standstill on new restrictions; bilateral restrictions were transformed into global quotas for all EFTA countries; and there was an annual 20 per cent increase in these quotas leading to their eventual abandonment. Since 31 December 1966 quantitative import restrictions on intra-trade in industrial products had been eliminated, with very few exceptions, by all member states. Generally, these liberalization measures were extended to third countries; cotton textiles are, however, a major exception.

Recent liberalization

42. There has been some liberalization of products other than cotton textile products restricted under the LTA. Over a period of about twelve months up to May 1969, Austria liberalized some preserved meat products. The Benelux countries replaced a global quota on penicillin and related products by experimental liberal licensing. Denmark removed restrictions for Danish "Free List Area" countries^{1/} on several preserved vegetable products; salted, dried or smoked meat and edible offals of horses, asses, etc.; and some fermented beverages including cider and perry. The Federal Republic of Germany and France removed restrictions on hydrogenated fats and oils, margarine, and similar products. France also removed restrictions on some confectionery products; some cereal products; bread and fine bakers' wares; some roasted coffee substitutes; some clothing items; various non-cotton fabrics; some special steels; and some cutlery, and optical elements. Temporary quantitative restrictions established in July 1968 were also removed. (Some of the products liberalized by France and the Federal Republic of Germany are now subject to the Common Agricultural Policy of EEC.) Japan removed restrictions on some meat products; some alcoholic beverages; some toilet products and cosmetics. Some cinematographic films; various textile products, some glass products and some outboard motors. Finland liberalized imports of some preserved fruit and vegetable products, starches and gluten flour.

1/ Includes most developing countries.

V. Import restrictions applied by selected developed
market economy countries

Reasons for import restrictions in individual countries^{1/}

43. In general, quantitative restrictions are imposed either to protect specific industries, or for balance of payments reasons, but official reasons and procedures for imposing and maintaining restrictions differ from country to country.

44. In Australia, requests from local manufacturers for protection, including quantitative restrictions, must be studied by the Tariff Board, which conducts a public enquiry, considers evidence on costs, prices, etc., and makes recommendations to the Government. If the Tariff Board recommends quantitative restrictions, it must be satisfied that consumers' interests are safeguarded, and recommend a review period. While the case is under study by the Tariff Board, interim tariffs or quantitative restrictions may be imposed, following a short independent enquiry by the "Special Advisory Authority".

45. Quantitative restrictions or licensing in the Federal Republic of Germany are imposed for protective purposes, and are deemed legitimate if in their absence goods would be imported in such increased quantities, or under such conditions as to cause, or be likely to cause serious damage to competing domestic industries.

46. The quantitative restrictions of Finland and New Zealand are maintained primarily to alleviate balance of payments problems, in conformity with provisions of article XII of the General Agreement. These restrictions are the subject of annual consultations in GATT, and the progress of liberalization depends largely on the countries' current balance-of-payments positions.

47. In France, there is in principle, a general import prohibition, but most products have now been liberalized, and for certain products quotas have been established.

48. Ireland maintains restrictions for protective purposes on a number of agricultural and industrial products. There are also various restrictions imposed for veterinary, phytosanitary, public health, or public policy reasons.

^{1/} Based on information contained in part II of this report.

49. Sweden imposed a general import prohibition for balance of payments reasons in 1947, but since then virtually all products have been liberalized.

50. The objectives of quantitative restrictions imposed on imports of agricultural products into Switzerland are to ensure that national needs can be met from domestic production in times of difficulty, to maintain a sound farming population and promote productive agriculture, and to improve farming conditions, while taking into account the interests of other sectors, and of the non-agricultural population.

51. In the United States of America quantitative restrictions may be imposed by the President to regulate imports which render ineffective or interfere with production and marketing programmes or price support programmes for agricultural commodities. The President may also take any action he deems necessary to adjust imports of articles being imported in such quantities or under such conditions as to threaten or impair the national security, and he may negotiate agreements with foreign governments to limit imports of agricultural commodities, textiles or textile products.

52. These basic reasons for the application of restrictions do not normally extend to state import monopolies which are often set up for reasons other than import restriction for protective or balance-of-payments purposes. For example, Norway and Switzerland maintain monopolies on some alcoholic beverages for social purposes. In other cases monopolies are maintained on alcoholic beverages and tobacco products mainly for fiscal reasons. Monopolies may also be imposed to ensure that supplies are available to all domestic users at the most advantageous price as, for example, in the case of the Norwegian monopolies for imports of drugs and medicaments, and fishing tackle.

Forms, scope and frequency of restrictions

53. In the country studies, the term "quantitative restrictions" has been interpreted to include bilateral or global quotas and all forms of restrictive licences or prohibitions in force against one or more countries. However, no attempt has been made to cover bilateral arrangements with other developed countries, or with the state trading countries. State import monopolies have been included because of the possibility of using these as protective or discriminatory instruments, although this should not be taken to imply that all those listed are so used. Products officially stated to be subject to "licensing", "liberal licensing", or "toutes licences accordées" have been included if they appear in official lists of products subject to restrictions.

54. In all cases where restrictions have been counted, this has been done by counting the items subject to restrictions at the four-digit BTN level - i.e. "one global quota" could be a global quota covering a four-digit BTN heading, or a global quota covering part of a four-digit BTN heading, or several separate global quotas together covering a number of sub-headings of the same four-digit BTN heading, or one of a number of four-digit BTN headings falling within the same global quota.

55. All the developed market economy countries covered by the study maintain quantitative restrictions or state import monopolies on manufactures or semi-manufactures,^{1/} but their coverage and liberality differ greatly from country to country. It must be remembered that counting restrictions applied by different countries provides no information on the liberality with which they are applied, but it does give some indication of the scope of the problem.

56. The most comprehensive restrictions were maintained by New Zealand, where they had been re-imposed for balance-of-payments reasons in 1958. A comprehensive list of these restrictions has not been given, but in the 1969/70 licensing period, not less than 55 per cent of private imports will be free of quantitative restrictions. Most exceptions are raw materials. Other countries maintaining a wide range of restrictions are France and Japan. France maintains restrictions on 96 products, of which 25 concern processed agricultural goods and 20 textiles, plus several restrictions under the LTA. Japan maintains restrictions - mostly by global quotas - on 85 products of which 39 are processed agricultural products and one a textile product. There is a state monopoly on tobacco products. The main difference between these countries and the others is in the number of restrictions maintained on industrial products.

57. Finland, the Federal Republic of Germany, Ireland, Italy and Norway all maintain about forty restrictions and/or state import monopolies. Finland's restrictions are maintained for balance of payments reasons, in conformity with article XII of the General Agreement; however in recent years there has been considerable liberalization, and restrictions now cover 32 processed agricultural products (mostly discretionary licensing) and six other products including semi-manufactured gold and silver (all global quotas). A monopoly is maintained on alcoholic beverages and vinegar.

^{1/} In what follows, restrictions applying only to other developed countries or to state trading countries, have been excluded. Restrictions have been counted at the four-digit BTN level as before.

58. In the Federal Republic of Germany only 6 out of 46 products subject to restriction, other than those restricted under the LTA, do not concern textiles or processed agricultural products. The remaining restrictions are almost equally divided between these two groups. A number of the processed agricultural products are subject to a national market organization but are otherwise liberally licenced.
59. For Ireland about 35 items are subject to restriction^{1/} of which 13 are processed agricultural products, and some textiles.
60. Italy maintains restrictions on 48 products, of which 9 are processed agricultural items, and 14 textiles (mostly reported to be "toutes licences accordées"). Of the remaining 20 industrial items, six are items mainly of gold. There are also five items subject to state import monopolies, of which manufactured tobacco is the only processed agricultural product, and there are eight items subject to bilateral restrictions from China (Taiwan), Israel and Yugoslavia.
61. Norway's restrictions, excluding those imposed under the LTA, cover 41 products, of which 19 are items subject to state monopoly. Eleven of these are processed agricultural products (cereals and alcoholic beverages), and 5 are textile products for the fishing industry. The remaining 22 items subject to restriction are all processed agricultural products, mostly subject to discretionary licensing.
62. The remaining ten countries apply quantitative restrictions on relatively fewer items. Austria has restrictions on 17 items, of which 14 are processed agricultural products. These include state trading combined with discretionary licensing for three cereal items, and monopolies for spirits, and manufactured tobacco products.
63. Australia restricts imports of certain second-hand vehicles, but apart from this, restrictions apply only to two groups of clothing items, and to unwrought aluminium.
64. Belgium-Luxembourg and the Netherlands apply restrictions on only three items - all non-agricultural - or which two are currently subject to liberal licensing, plus some restrictions under the LTA.
65. In Canada, wheat products are subject to an official monopoly, and all the provincial governments operate monopolies on alcoholic beverages. Apart from this, seven products are restricted, of which five are processed agricultural products (some falling within the scope of the wheat monopoly). The remaining two products are second-hand automobiles and aeroplanes. There are also a number of restrictions under the LTA.

^{1/} The number is uncertain, because some BTN headings are not given.

66. Denmark restricts imports of 27 items, all but three of which are processed agricultural products, and imposes some restrictions under the LTA.
67. Imports of all alcoholic beverages into Sweden are subject to a state monopoly but the only other restrictions are a limitation on the granting of textile licences to China (Taiwan) and one restriction imposed under the LTA.
68. Switzerland maintains state trading or restrictions on 23 items, including items for which users of imported products have to take up proportional amounts of similar domestically produced products. All except three of these items are processed agricultural products;^{1/} 13 agricultural products are subject to state trading, or trading by state-designated bodies, and in addition to this there are monopoly rights over imports of all cereal flours, which are only exercised occasionally to regulate prices. Various other products are subject to licensing requirements in connexion with the maintenance of strategic stocks.
69. The United Kingdom maintains restrictions on lethal weapons and their ~~ammunition~~, and on radioactive substances. Apart from these, and a large number of cotton textile items restricted under the LTA, restrictions are maintained on 17 items, of which 8 are processed agricultural products. Of the remainder, five are jute products for which there is state trading for imports from India and Pakistan, and a global quota for other areas, and four are products of gold.
70. The United States applies restrictions on wheat products, butter and sugar mixtures, and petroleum products, plus a very large number of restrictions under the LTA.
71. In addition to these restrictions, a number of countries maintain formal licensing requirements for statistical or other purposes.
72. It may be noted that for the seven EFTA countries (including Finland) covered by the study, the great majority of the restrictions other than state import monopolies concern processed agricultural products. Under the treaty establishing EFTA, members must eliminate quantitative restrictions on trade with other members in industrial products, and such liberalization has often been extended to other countries. However, there is no obligation under EFTA to reduce quantitative restrictions on imports of agricultural products.
73. Five other studies cover EEC countries which have agreed to reduce internal quantitative restrictions on agricultural as well as industrial products, but this appears to have had less affect on liberalization with respect to third countries

^{1/} These include casein, and exposed cinematographic films. The former is generally classified as a chemical product, but is derived from milk.

than in the case of EFTA. The Common Agricultural Policy of EEC covers or will cover a number of groups of agricultural products which are particularly subject to restriction: processed products of meat, cereals,^{1/} fruit, vegetables, tobacco and wine. This has recently led to the liberalization of quantitative restrictions on some products as they have come under the protection of the Common Agricultural Policy - notably meat products previously restricted by France, and products of sago, manioc, etc., previously restricted by the Federal Republic of Germany.

74. The restrictions covered in the country studies, with the exception of those applied under the terms of the Long-Term Arrangement, can be divided into the major types of restriction listed in table I below. Restrictions imposed by means of restraint actions or bilateral agreements under the Long-Term Arrangement generally cover a very large number of categories of goods and precise product description is not available.

TABLE I
FREQUENCY OF MAJOR CATEGORIES OF QUANTITATIVE
IMPORT RESTRICTIONS^{2/}

Category of restriction	% of total
Global quotas	35%
Bilateral quotas	2%
Bilateral with global quotas	3%
<hr/> All quotas (sub-total)	40%
<hr/> Discretionary licensing	29%
State import monopolies	15%
Licensing ^{3/}	6%
Discretionary licensing plus other form of restriction	2%
Prohibitions	2%
Other	6%
<hr/> Total	100%

^{1/} The common policy for cereals extends to products of manioc, sago, and similar ~~starchy~~ roots and tubers. For more details of the Common Agricultural Policy, see document TD/B/AC.5/5.

^{2/} At four-digit BTN level.

^{3/} Includes "licensing" or "prior permit" (with no further description), "liberal licensing", and "toutes licences accordées".

75. Restrictions for which only vague or general information was available have not been included here, although mentioned in the text. Despite this, table I covered well over 400 restrictions. (The country studies include a number of types of restrictions not listed separately here, and in each of these cases it has been necessary to decide whether the restriction could appropriately be classified in one of the major categories listed.)
76. It will be seen that, excluding restrictions under the LTA, the types of restriction most frequently encountered are global quotas, discretionary licensing, and state import monopolies, in that order. Except in the case of monopolies, however, the dividing lines between these types of restriction are far from clear in practice. Global quotas may apply only to limited groups of countries, and there need be no practical difference between a global quota allocated on a constant basis between a small number of countries, and a system of bilateral quotas for a number of countries. Quotas may be subject to variation from year to year, and allocation of licences within quotas may be discretionary, so that systems of global or bilateral quotas may be similar in practice to discretionary licensing. "Licensing" (with no further description) can cover all possible degrees of restriction from absolute prohibitions to "toutes licences accordées" (but even the latter can be applied over-zealously, and be restrictive in effect).
77. State import monopolies are largely confined to cereal products, alcoholic beverages, tobacco products and drugs and pharmaceutical products.
78. All these types of restrictions (with the exception of absolute prohibitions) are potentially capable of discriminating between exporting countries. This is obviously true of bilateral quotas, but discrimination can be just as effective with global quotas or discretionary licensing if certain countries are favoured in the allocation of licences, and clearly the same can also be true of state import monopolies.
79. Information on the method of allocating licences is not available for all the countries studied, but seven of them - Austria, Denmark, Finland, Japan, New Zealand, Norway and the United Kingdom definitely do allocate some licences on the basis of past performance, while the same appears to be true of Italy and the United States. Of these, Finland and Denmark make special provisions for new entrants. In the case of the United Kingdom, licences for bilateral quotas are allocated where possible by the exporting country.

80. Information on these potential discriminatory factors has been summarized in table II (annexed). This includes only information on discrimination vis-à-vis the developing countries. Information on restrictions applied under the Long-Term Arrangement has also been left out, but countries applying such restrictions have been identified in column 1 of the table.

The Long-Term Arrangement regarding International Trade in Cotton Textiles^{1/}

81. Most new restrictions on imports of cotton textiles since 1961 have been imposed under the provisions of the Long-Term Arrangement (LTA), or its predecessor, the Short-Term Arrangement (STA). These Arrangements were negotiated in the GATT, at the request of a number of developed countries, following increases in imports of cotton textile articles into some of these countries.

82. The STA was an interim measure in force for one year from 1 October 1961, and was basically similar to the LTA. The LTA came into force on 1 October 1962 and was originally valid for five years, but was subsequently extended for a further three years. There is a possibility of further extension. Currently (October 1969) it has been accepted by thirty-one countries^{2/} - eleven developing countries or territories and all the developed countries covered by the country studies in this report except Ireland, New Zealand and Switzerland.

83. The main provisions of the LTA are:

(i) Under article 2, participating countries still maintaining restrictions on imports of cotton textiles from other participating countries inconsistent with the provisions of the General Agreement agree to relax them, with a view to their early elimination. Nil or negligible quotas are to be replaced by "reasonable" quotas and for Austria, Denmark, the EEC, Norway and Sweden, access to their markets for products subject to restriction in 1962 is to be increased by at least stated percentages over the Agreement period;

^{1/} See also the report by the UNCTAD secretariat entitled "Study of the origins and operation of international arrangements relating to cotton textiles", TD/20/Supp.3, 12 October 1967.

^{2/} Acceptances by the Netherlands, Portugal and the United Kingdom extend to the Netherlands Antilles, Macao and Hong Kong respectively.

(ii) Under article 3, if exports from a participating country are, in the judgement of an importing participating country, causing disruption in its domestic markets, it may request the exporting country concerned to restrain such exports to a specified level which may not be less than the level allowed under any existing bilateral arrangement, or if there is no such arrangement, to the level of such exports in a twelve month period ending three months before the month of the request. If the exporting and importing countries have not reached agreement within sixty days, the importing country may restrict imports to the level requested. During this sixty-day period the importing country can "in critical circumstances" impose temporary restrictions. If the restraint is maintained in force for more than one year, the level at which imports are restrained should be raised by 5 per cent in the second year, except in exceptional cases. For any subsequent year the increase should be at least 5 per cent. Restrictions imposed under this article are known as "restraint measures", whether administered by exporting or importing countries.

(iii) Article 4 permits mutually acceptable arrangements on other terms consistent with the basic objectives of the Arrangement.

(iv) Under article 6(b) restrictions may be extended to products of fibres other than cotton if these are being substituted for cotton solely to circumvent the Arrangement.

(v) Under article 6(c) importing countries may take action to prevent non-member exporters benefiting from restrictions applied against imports from restraining members.

84. Cotton textiles are defined as yarns, piece-goods, made-up articles, garments, and other textile manufactured products in which cotton represents more than 50 per cent (by weight) of the fibre content with the exception of hand-loom fabrics of the cottage industry.

85. "Market disruption" is defined in general terms as a situation normally containing three elements - a sharp actual or potential increase in imports; substantial disparity between prices of imports and domestic prices; and actual or potential serious change to domestic producers.

86. All restraint measures taken under article 3 and bilateral agreements concluded under article 4 are notified to GATT.

Operation of the LTA

87. The seventh annual review of the operation of the Arrangement was conducted by the GATT Textiles Committee in October 1969.^{1/} The country studies in part II of this report contain information on restrictions affecting cotton textiles as of the sixth arrangement year only. The additional information which has since become available and which is described below may therefore serve as an up-dating of the relevant portions in the country studies.

88. Australia concluded an agreement with Japan under article 3 limiting Japan's exports of cotton drills (other than grey) for the twelve month period beginning 1 July 1969.

89. Austria introduced quotas under article 2, effective 1 October 1969, on imports from Japan, the Republic of Korea and Mexico. Austria had earlier concluded arrangements under article 4 with India, Israel, Pakistan and the United Arab Republic in lieu of the quotas on imports from these countries.

90. Canada invoked the provisions of articles 3 and 6(b) on exports of certain cotton textiles from Colombia, Greece, Hong Kong, Israel, Portugal, Malaysia, China (Taiwan), the Republic of Korea, Singapore and Spain. Bilateral agreements were also concluded with Japan and the United Arab Republic under article 4.

91. Denmark took no action to renew the quota arrangement on imports from Japan under article 2. Furthermore, imports of cotton textiles from Colombia and the United Arab Republic were liberalized as from 1 January 1969 and 1 July 1969, respectively. Imports of cotton textiles from China (Taiwan) are subject to import licensing. Imports of grey cloth from the Republic of Korea are subject to free licensing while imports of other cotton textiles from this country are subject to quota.

92. In EEC, increases in quotas were allocated by member states concerned according to the initial commitments entered into by the Community under article 2 with five exporting countries, namely, Japan, Hong Kong, China (Taiwan), the United Arab Republic and the Republic of Korea. Two member states maintained or introduced

^{1/} See summary of Government notifications in GATT document COT/W/114, 15 September 1969, and Add.1.

restrictions based on article 3. The restraint agreement between the Federal Republic of Germany and Hong Kong, which is valid until 31 December 1969, continued to be applied. This concerns grey fabrics, outerwear, overalls and slacks, shirts, nightwear, handkerchiefs and towels. Italy renewed the restraint agreement concluded in 1968 with China (Taiwan) and the United Arab Republic for the year 1969 covering grey and bleached cotton fabrics, and, in the case of the latter country, ceilings were extended to printed fabrics. Bilateral agreements under article 4 based on a model agreement drawn up by EEC were concluded in 1968 between member states on the one hand, and India, Pakistan and Hong Kong, on the other. Negotiations are continuing with a view to concluding bilateral agreements between member states and Japan.

93. Norway introduced quotas under article 2 on imports of yarn, woven fabrics and garments from Japan and of woven fabrics from the Republic of Korea. The 1967 agreement with Hong Kong was replaced by a new bilateral agreement under article 4, setting limits on imports of certain cotton garments from that country.

94. Sweden maintained its quota on imports of cotton textiles from Japan under article 2. Agreement was reached under articles 3 and 6(c) limiting Hong Kong's exports of certain cotton goods and towels during the period 1 May 1969 to 30 June 1970. Arrangement under article 3 was also concluded with this country on imports of certain cotton garments for the twelve-month period ending 31 May 1969.

95. The United Kingdom concluded arrangements with Hong Kong, India and Japan for the control of exports of cotton spun or woven textile goods during 1969. In the case of Hong Kong and India, the quota refers to yarn and cloth and made-up goods. In the case of Japan, the quotas apply to cotton yarn, cotton textile secondary products, woven cotton fabrics, industrial goods of cotton, outer garments, underwear, handkerchiefs, shawls, scarves and mufflers of woven cotton fabric. Quotas were also applied to thirty-three other countries; with respect to yarn, grey cloth, finished cloth and made-up goods. In addition to these individual country quotas and special country quotas, there is a global quota for yarn, grey cloth, finished and piece-goods and made-up goods in which all countries can participate except most developed market economy countries, Hong Kong, India and the socialist countries.

96. The United States^{1/} invoked the provisions of article 3 and article 6(b) and (c) on exports of various categories of cotton textiles from eight non-participants in the LTA. The actions took the form of renewals of previous restraints, imposition of new restraints and removal of restraints. The United States also concluded bilateral agreements under article 4 with twenty countries including four non-participants.

Imports of restricted items

97. For most of the countries studied, imports of the manufactured and semi-manufactured items under restriction had by 1967 registered substantial increases compared with the levels for 1961 or 1962. The most important changes for all countries have been summarized briefly in column (5) of table II (annexed).

98. It should be noted that in some cases quantitative restrictions applied to only some of the items in a particular tariff line, and in such cases trade statistics did not normally distinguish imports of the particular items subject to restriction. For such "ex-" items the statistics given in the annex tables to the country studies in part II of this report generally show trade for the whole of the relevant tariff-line, and thus tend to overstate imports of items subject to restriction. This can also affect the apparent increases in imports of restricted items discussed below.

99. Total imports into Belgium/Luxembourg of products under restriction more than doubled between 1961 and 1967. The bulk of the increase being accounted for by other EEC countries, from which imports of these items more than trebled, compared with only a 50 per cent increase for other developed countries. In neither year were there any recorded imports from developing countries.

100. Imports into Denmark of products under restriction nearly doubled between 1961 and 1967. Again, the bulk of this increase originated in other developed market economy countries - principally those in EFTA - from which imports more than doubled. The other developed market economy countries also enjoyed a substantial increase in exports, and increased their share in the total.

^{1/} More detailed information on the application of restrictions on the imports of cotton textiles by the USA under the LTA is given in the section on the United States in part II of this report.

101. The total value of restricted products into the Federal Republic of Germany nearly doubled in the period under review; imports from other EEC countries rose roughly in proportion with total imports, whereas imports from other developed countries remained at about the 1961 level. Imports from developing countries more than doubled, from \$76.6 million in 1961 to \$185.6 million in 1967.
102. Imports of restricted items into Finland increased by more than 30 per cent, the bulk of which was accounted for by other developed countries, in particular those belonging to EFTA.
103. Total imports of restricted items into France nearly doubled between 1961 and 1967, but again the bulk was from other developed countries, mainly EEC member countries, from which imports more than trebled during the six-year period. On the other hand, imports from developing countries declined considerably from \$311 million in 1961 to \$135 million in 1967, but this decline was largely attributable to the sharp drop in wine imports from the franc zone developing countries.
104. The total value of imports of affected products into Italy trebled during the period 1961 to 1967 but again the bulk of the increase was accounted for by other countries members of EEC, since imports from other developed countries registered a decline during that period. The developing countries accounted for a small amount of the increase.
105. During the period 1962 to 1967 imports of restricted items into Japan rose by nearly 30 per cent with the developing countries accounting for the bulk of the increase while imports from other developed countries remained at the 1962 level.
106. Imports into Norway of products under restrictions in 1967 and 1968 were almost double the 1961 level, the share of all the developed countries being maintained at the 1961 level, but the share of EFTA increasing markedly. Imports from developing countries were nearly negligible.
107. The total value of imports of restricted manufactures and semi-manufactures into the United States increased by nearly a third during the period 1961 to 1967, with the developing countries taking a considerable proportion of this increase. Imports from these countries increased from \$40.6 million in 1961 to \$52.7 million in 1967.

Table III

PERCENTAGE INCREASE IN IMPORTS FROM DIFFERENT
AREAS INTO THE EEC AND EFTA COUNTRIES STUDIED
OF MANUFACTURED AND SEMI-MANUFACTURED PRODUCTS
SUBJECT TO RESTRICTION, FROM 1961 TO 1967

EEC imports	World	Developed Market Economy Countries			Developing countries
		Total	EEC	Other	
TOTAL	72.1	104.2	140.4	39.4	-12.1 ^{1/}
BTN chapters 1-24	16.6	81.2	132.8	6.3	-33.9 ^{1/}
BTN chapters 25-99	96.7	108.1	141.8	46.2	56.1
EFTA imports	World	Developed Market Economy Countries			Developing countries
		Total	EFTA	Other	
TOTAL	55.8	81.6	194.7	50.5	32.6
BTN chapters 1-24	70.2	76.7	183.8	50.3	57.5
BTN chapters 25-99	35.6	108.1	228.2	51.6	1.3

^{1/} These declines are more than fully accounted for by a sharp decline in French wine imports from developing countries (mainly the Maghreb countries). If these imports are excluded, other EEC imports of restricted items within BTN chapters 1-24 are found to have increased by 115 per cent, while other EEC imports of all restricted items increased by 85 per cent.

108. The effects of import liberalization on trade (removal of tariffs, quantitative restrictions and other trade barriers) are amply demonstrated by the experience of EEC and EFTA. Table III shows the growth of intra-trade in these two regional economic groupings during the period 1961 to 1967, for manufactures and semi-manufactures subject to import restrictions in individual member countries. It will be noted from this table that, during the period under review, imports of EEC from the world increased by more than 72 per cent and from third developed market economy countries by more than 104 per cent, while intra-trade increased by more than 140 per cent. On the other hand, EEC imports from developing countries declined by a little more than 12 per cent.^{1/} Imports of EFTA from the world increased by nearly 56 per cent and from other developed market economy countries by over 81 per cent, while intra-trade increased by more than 194 per cent or nearly doubled. EFTA imports from the developing countries increased by less than 33 per cent.

109. It must, however, also be noted that while EEC's imports from the developing countries of the restricted products within chapters 1 to 24 of the BTN declined by nearly 34 per cent during the period under review,^{1/} its imports from these countries of products within chapters 25 to 99 of the BTN increased by more than 56 per cent. In the case of EFTA, imports of the restricted products from the developing countries increased in both sectors of the BTN but while imports of products within chapters 1 to 24 increased by over 57 per cent^{2/} those within chapters 25 to 99 increased by only 1.3 per cent during the period under review.

110. Factors other than liberalization of intra-trade, such as other aspects of the process of economic integration, may also have contributed to the relatively rapid increase in the intra-trade of these areas. Account should also be taken of the different supply possibilities of developed and developing countries.

^{1/} But see footnote ^{1/} to table III.

^{2/} It should be recalled that, in general, processed agricultural products are not subject to preferential treatment within EFTA.

VI. The distribution of quantitative restrictions by
different groups of products

111. The country studies show that different groups of imports are affected by quantitative restrictions to varying degrees. The two broad groups subject to the most restrictions are textiles and clothing and processed agricultural products.

112. For textiles and clothing, a very high proportion of the restrictions have been imposed under the Long-Term Arrangement, and the difficulties of classifying these in a way comparable to restrictions on other products have already been mentioned.

However, the frequency with which restrictions are encountered on these products is indicated by the fact that restrictions on at least some categories are in force in 14 of the 18 countries studied, including 12 imposing restrictions (many under bilateral agreement) under the terms of the LTA. The comprehensive nature of some of these restrictions is indicated in section V, of this study, where restrictions imposed under the LTA are dealt with separately in detail.

113. It will be noted that textile and clothing products make up a much larger share of imports by developed market economy countries of manufactures and semi-manufactures from developing countries than their corresponding share in imports from other countries. For example, in 1967 textiles and clothing (SITC 65 and 84) made up 16.2 per cent of the imports of manufactures and semi-manufactured products of selected developed market economy countries from the developing countries, but only 7.7 per cent of their imports of manufactured and semi-manufactured products from other areas.

114. Restrictions on processed and semi-processed agricultural products accounted for 61.9 per cent of all restrictions on manufactures and semi-manufactures^{1/} listed in the country studies (see table IV). It will be seen from table IV that in 1967 these products made up 11.2 per cent of total imports from developing countries by selected developed market economy countries excluding textiles and clothing, whereas the corresponding percentage for imports from all other areas was only 5.5 per cent. These figures rise to 14.4 per cent for imports from developing countries and 5.6 per cent for imports from other areas if petroleum products are excluded from the totals in the same way as textiles and clothing.

^{1/} Excluding textiles and clothing. For the reasons stated above, restrictions on these products could not be counted on the same basis as other restrictions.

115. On the basis of these figures there appears to be a considerable concentration of restrictions on processed and semi-processed agricultural products which, taken as a group, make up a much more important share of the imports of manufactured and semi-manufactured products from developing countries than from other areas.

TABLE IV

Distribution of quantitative import restrictions applied^{1/} by developed countries studied between those on imports of manufactures and semi-manufactures (excluding those on textiles and clothing) affecting processed and semi-processed agricultural products and those affecting other products; shares of these two groups of products in imports by selected developed market economy countries ^{2/}

(a)	Percentage of total restrictions excluding restrictions on textiles and clothing	1967 imports by selected developed market economy countries ^{1/} of all products within specified groups as % of total imports by those countries of manufactures and semi-manufactures excluding textiles and clothing.	
	(b)	(c)	(d)
Semi-processed and processed agricultural products falling within BTN chapters 1-24	61.9	From developing countries 11.2	From all other countries 5.5
Other manufactures and semi-manufactures (falling within BTN Chapters 25-99) excluding textiles and clothing	31.8	88.8	94.5

^{1/} Based on information available in the country studies. Restrictions counted on same basis as for table 1.

^{2/} Selected developed market economy countries, for which data were given in documents TD/B/AC.5/15 and TD/B/AC.5/16 and addenda.

As in the case of textiles and clothing, total exports of developing countries can be expected to suffer proportionately more than exports of other areas as a result of these restrictions.

116. Most of the restrictions on products within the group of processed and semi-processed agricultural products are concentrated on a small number of groups of related and competing products, as shown in the table below. However, a greater disaggregation of the product groups involved would be required in order to establish to what extent products of actual or potential export interest to developing countries are subject to these restrictions.

TABLE V

Distribution of restrictions on processed and semi-processed agricultural products^{1/} between different groups of products.

Product Group	Restrictions on product group as % of total restrictions on processed and semi-processed agricultural products ^{1/}
Processed meat products (extracts, juices preserves etc.)	11.4
Processed cereal products, and competing products of starchy roots and tubers, starches, glutens etc.	22.4
Processed fruit products (pulp, juices, jams, preserved fruit etc.)	20.8
Processed vegetable products (dehydrated, preserved etc.)	8.6
Margarine and processed edible oils and fats	5.1
Alcoholic beverages and alcohol	18.4
Tobacco manufactures	2.3
Other products	11.0
Total:	100.0

^{1/} Manufactures and semi-manufactures falling within chapters 1 - 24 of the BTN.

117. It will be seen from the above table that 22 per cent of all restrictions apply to cereal products and competing products of starchy roots and tubers; 21 per cent cover processed fruit products and 18 per cent apply to alcoholic beverages and alcohol. Processed meat products account for a further 11 per cent of all restrictions on processed and semi-processed agricultural products, but this is partly a result of the method of counting adopted, since tobacco manufactures are all covered by a single 4-digit BTN heading. A third of the countries studied actually applied restrictions or had state import monopolies concerning this heading. It should not, of course, be assumed that the groups of products into which restrictions have been classified in table IV are all of equal importance or that all the items within these groups are subject to restriction in all the countries covered by the country studies.

118. For non-agricultural products other than textiles and clothing it was more difficult to distinguish relatively homogeneous groups of products subject to restrictions. About 7.0 per cent of the restrictions on products included in this group applied to petroleum products, and 26.8 per cent and 27.4 per cent of the remainder could be classified in the broad groups of chemical products^{1/} (including a number of restrictions on drugs and medicaments) and engineering and metal products respectively. A further 7.0 per cent of the restrictions on industrial products applied to products of gold (permitted under the regulations of GATT).

119. There are evidently considerable differences in the commodity structure of exports of manufactures and semi-manufactures by developing countries and other areas, and restrictions tend to be concentrated on two broad groups of products - textiles and clothing, and processed and semi-processed agricultural products - that make up a larger share of exports of manufactures and semi-manufactures for developing countries than for other areas. There appears to be scope for further detailed study of the question whether the distribution of restrictions by type of commodity is such that it may be expected to have a greater proportional effect on exports of manufactures and semi-manufactures by developing countries than by other areas.

120. Table VI shows the proportion of imports from different areas that were subject to quantitative restrictions^{2/}, in 1967, for imports of manufactures and semi-manufactures into those countries covered by country studies for which sufficient details were

^{1/} Roughly the same coverage as SITC section 5, excluding starches, glutens, alcohol, fatty alcohols, and glycerine.

^{2/} Only imports of items subject to quantitative restrictions or state import monopolies into the country actually applying the restriction or monopoly.

available.^{1/} Textiles and clothing (SITC 65 and 84) were excluded from this table because insufficient information was available for these products.

121. It will be seen from table VI below that imports of items subject to quantitative restrictions into the countries imposing the restrictions were 10.4 per cent of their total imports of manufactures and semi-manufactures from developing countries but only 3.4 per cent of their total imports of manufactures and semi-manufactures from developed market economy countries. However, intra-EEC trade is not normally subject to quantitative restrictions and should be excluded from the totals for imports from the developed market economy countries. This reduces the percentage of imports from the developed market economy countries subject to restriction from 3.4 per cent to 2.3 per cent.

TABLE VI

Imports in 1967 from different groups of countries by selected developed market economy^{2/} countries of manufactured and semi-manufactured products excluding textiles and clothing^{3/} subject to quantitative restrictions

Country Group	Imports subject to restriction as % of total imports of manufactures and semi-manufactures from groups (excluding textiles and clothing)
(i) World	4.3
(ii) Developed Market economy countries	3.4
(iii) Developed Market economy countries excluding intra-trade of EEC	2.3
(iv) Developing countries	10.4

122. The difference between the figures in line (iii) and line (iv) shows that quantitative restrictions have a greater proportional impact on developing countries as a group than on other areas because of the commodity-structure of their exports.

^{1/} EEC and EFTA countries plus Japan and Australia.

^{2/} EEC and EFTA countries covered by the country studies (including Finland) plus Australia and Japan.

^{3/} Taken as SITC 65 and 81.

VII. Possible approaches to the liberalization of quantitative restrictions

123. During the first session of the United Nations Conference on Trade and Development recommendation A.III.4 providing guidelines^{1/} for non-tariff policies in respect of manufactures and semi-manufactures from developing countries was adopted without dissent. At the second session of the Conference in New Delhi, the question of a programme for the liberalization of non-tariff barriers affecting exports of manufactured and semi-manufactured products by developing countries was considered at some length on the basis of the documentation prepared by the UNCTAD secretariat on this subject. At this session the representatives of developing countries expressed support of the secretariat document on the subject (TD/20/Supp.1) and stressed that in outlining the various elements of a programme for the liberalization of non-tariff barriers emphasis should be given inter alia to: adherence to standstill provisions on existing restrictions and refraining from imposing new restrictions; the making of an inventory of existing restrictive measures; the fixing of a time limit and a time-table for the removal of quantitative restrictions; to the extent possible converting bilateral to global quotas; and, the introduction of effective measures for structural re-adjustment in developed countries to facilitate the progressive removal of existing restrictions.

124. A draft resolution sponsored by eighty-one developing countries entitled "A programme for the liberalization and expansion of trade in manufactures and semi-manufactures (including processed and semi-processed primary commodities) of interest to the developing countries" was presented to the second session of the Conference for its consideration.^{2/} This draft resolution contained specific recommendations concerning inter alia, removal by developed countries at an early date of all quantitative restrictions, especially those which are applied by those countries inconsistently with their international obligations; liberal administration of quantitative restrictions pending their final elimination; fixing annual percentage increases in

^{1/} See section B below.

^{2/} United Nations Conference on Trade and Development, Second Session, New Delhi, Volume I, Reports and Annexes; Report of the Second Committee.

quotas with a view to achieving full liberalization by a target date;^{1/} ensuring that quotas are in no way discriminatory; and, converting to the extent possible, existing country quotas into global quotas, having regard to existing preferential quotas. It was referred by the Conference to the Trade and Development Board, which requested the Committee on Manufactures to consider the resolution at its third session. The Committee at its third session unanimously adopted decision 2 (III)^{2/} dealing with the question of the liberalization of tariff and non-tariff barriers. In part B of this decision the Committee decided to set up a sessional committee at its next regular session if this was considered useful in the light of the documentation prepared by the secretariat in accordance with the work programme contained in part A of the decision.^{3/}

125. Taking into consideration the decisions and discussions of the United Nations Conference on Trade and Development at its first and second sessions and of the Trade and Development Board at its eighth session and decision 2 (III) of the Committee on

1/ It is interesting to note that the Commission on International Development, set up at the request of the President of the International Bank for Reconstruction and Development (IBRD), recommended that "no new quantitative restrictions on exports of manufactures and semi-manufactures from the developing countries be imposed and that existing quantitative restrictions should be abolished during the 1970s as rapidly as possible. Such restrictions have already virtually disappeared on trade in manufactured goods among developed countries."

2/ TD/B/199/Rev.1; TD/B/C.2/73

Upon the adoption of decision 2 (III), the representative of Brazil, on behalf of the developing countries, stated that:

- "(a) The developing countries members of the Committee accept the decision on item 5 as a practical way of carrying forward their aspirations of promoting greater access to markets for their exports, through the progressive liberalization of non-tariff barriers currently in existence in those markets.
- (b) They do not, however, consider this agreement as an entirely satisfactory one. It is a first step. And they accept it in a sincere spirit of international co-operation.
- (c) They therefore look forward to the practical implementation of this agreement at the fourth session of the Committee on Manufactures.
- (d) They hope that, at the fourth session, the matter can be studied in detail, and further positive steps can be taken, within UNCTAD, to pursue their legitimate aspirations.
- (e) It is therefore necessary to stress that, in accepting this agreement at the third session, they have not laid aside the draft resolution submitted by the eighty-one countries at the second session of the Conference; they look forward to its implementation; and they consequently reserve their right to return to it at subsequent sessions of the Board or the Committee on Manufactures."

3/ See document TD/B/C.2/85.

Manufactures and taking also into account the various studies prepared by the UNCTAD secretariat in this field, the following are some suggestions regarding the method of consultations, general guidelines and a programme for the liberalization of quantitative import restrictions on manufactured and semi-manufactured products of export interest to developing countries.

A. Method of consultations

126. Liberalization of quantitative restrictions could take place on a unilateral, bilateral, or multilateral basis. A certain amount of unilateral liberalization continues to take place, but for the "hard core" of remaining restrictions the rate of liberalization is far from satisfactory. The scope for bilateral liberalization by negotiation between individual developing and developed countries is rather limited because trade is simply not on a bilateral basis so it is often impossible to "trade" a restriction in one country for a restriction in another. Moreover, when a product is subject to general restrictions (as with cotton textiles) each developed country may be unwilling to liberalize imports independently of the others, for fear of a massive increase in imports.

127. A multilateral approach avoids these drawbacks. Measures taken in the framework of GATT and OEEC may have largely exhausted immediate opportunities for multilateral negotiation of liberalization with respect to all countries, but this should not prevent liberalization with respect to developing countries since - as has already been pointed out - imports from developing countries of products still subject to quantitative restrictions are a very small proportion of all such imports.

B. General guidelines^{1/}

128. (i) General acceptance of the principle that developed countries should not expect reciprocity for measures taken by them in trade negotiations to reduce or remove tariff and non-tariff barriers to trade of developing countries;
- (ii) Developed countries should not, ordinarily, raise existing tariff or non-tariff barriers to exports from developing countries, nor establish new tariff or non-tariff barriers or any discriminatory measures, where such action would have the effect of rendering less favourable the conditions of access into their markets of manufactured and semi-manufactured products of export interest to developing countries. If, in exceptional and compelling

^{1/} As embodied in resolution A.III.4 of the first session of the Conference.

circumstances, a developed country imposes or intensifies quantitative restrictions or increases tariffs on imports of manufactured or semi-manufactured products of export interest to developing countries, it should consult, upon their request, the developing countries affected, bilaterally or in appropriate international institutions;

(iii) Developed countries, in co-operation with a competent international body, should proceed forthwith to identify existing non-tariff barriers to expanded trade in manufactured and semi-manufactured products of current or evident potential interest to developing countries, and should, as a matter of urgency, seek practical approaches to the maximum feasible reduction or the elimination of such barriers at an early date;

(iv) Developed countries should, as a matter of urgency, remove quantitative restrictions on manufactured and semi-manufactured products of export interest to developing countries as soon as possible;

(v) In considering the problems relating to and measures for the liberalization of non-tariff barriers, periodic discussions and consultations should be held by developed and developing countries in appropriate international institutions for the purpose of (a) reviewing the progress made; (b) assessing the results achieved; and (c) considering what further measures are required to meet the needs of developing countries.

C. Some suggestions for a programme for liberalization

129. In considering a possible programme for the liberalization of quantitative restrictions, the following suggestions may be useful:

(i) A general standstill on the imposition or intensification of quantitative restrictions on manufactures and semi-manufactures imported from developing countries;

(ii) Developed countries should provide detailed information on their existing restrictions specifying their nature and extent, special characteristics and the reasons for their maintenance and procedures governing their administration and operation under an agreed procedure and an agreed list of restrictions should be established;

(iii) During a transitional period, in which quantitative restrictions would remain in force pending their final elimination, such restrictions could be more liberally administered, i.e. global quotas could be opened for all developing countries and discretionary licences applied in a less arbitrary manner;

- (iv) Where discretionary licensing is applied, these procedures might be liberalized in favour of developing countries pending their complete liberalization and final elimination;
- (v) Countries should, where feasible, convert existing bilateral quotas and discretionary licensing practices into global quotas, due regard being given to the interest of the present preferred developing supplier countries;
- (vi) Simultaneously with the conversion of bilateral quotas to global quotas, existing global quotas which have not been fully utilized during a reasonable period of time might be eliminated since they appear to be unnecessary;
- (vii) Licensing procedures required for price control, statistical or similar reasons, should be critically examined to ensure that they do not tend to inhibit trade with developing countries;
- (viii) On the basis of the successful experience in EEC and EFTA with the gradual enlargement of quotas, consideration might be given to establishing an annual percentage increase in the quotas as a transitional step toward their elimination. Where such automatic increases would not prove feasible, substantial increases in import quantities could be provided for on the basis of detailed consultations, account being taken of the annual increment in domestic consumption and the degree of temporary protection deemed essential for domestic industry in the developed countries concerned.^{1/} In this connexion, developed countries should consider the drawing up of programmes for the adaptation of domestic industries affected, with government assistance where necessary, so as to facilitate the removal of restrictions and the transfer of resources into the fields where they possess comparative advantage;
- (ix) So long as quantitative restrictions continue to be maintained on imports of manufactures and semi-manufactures from developing countries, particular attention should be paid to the way in which licences for exports subject to restrictions are administered during this period. One possibility is that exporters should be allowed to discuss unsatisfactory aspects of licensing arrangements - such as effective discrimination;

^{1/} In this connexion, access for all imports from developing countries should be considered at at least some pre-arranged minimum rates which could differ for different products and quotas applying to all developing countries should be enlarged at least as fast as other quotas on the same products or actual imports remaining subject to discretionary licensing from other countries.

(x) The period for the removal of the remaining quantitative restrictions should be fixed and agreed upon in advance. In this connexion, the possibility of exempting the developing countries from these restrictions pending their elimination might be considered.

130. In accordance with paragraph 17 of Conference resolution A.III.4^{1/} and decision 21 (III) of the Committee on Manufactures at its third session concerning inter alia, the establishment of a sessional committee at its fourth regular session with a view to identifying non-tariff barriers of concern to the developing countries and to provide a forum for recommendations aimed at the removal of such restrictions, such a sessional committee may in regard to quantitative restrictions be entrusted with the following functions:

- (a) to review periodically on a systematic basis, non-tariff obstacles affecting manufactured and semi-manufactured products of export interest to developing countries;
- (b) to examine these restrictions as regards their extent and special characteristics, the justification for their maintenance and the economic effects of these restrictions for the developing countries;
- (c) to draw up, on the basis of (a) and (b) above and in the light of the recommendations and suggestions made at the second United Nations Conference on Trade and Development and subsequent sessions of the Trade and Development Board and the Committee on Manufactures - concrete and specific elements or measures for the liberalization of these restrictions on products of export interest to developing countries;
- (d) to give consideration to appropriate measures to help the adaptation of industries that might be affected and in order to facilitate the fulfilment of the measures for liberalization; and
- (e) to review periodically, and on such an ad hoc basis as may be necessary, the progress achieved in the liberalization of import restrictions and to assess the effects of such liberalization on the export trade of developing countries.

^{1/} See B, paragraph 127, sub-paragraph (v).

TABLE II

SOME ASPECTS CONCERNING THE APPLICATION OF LICENSING PROCEDURES AND QUANTITATIVE
RESTRICTIONS BY SELECTED DEVELOPED MARKET ECONOMY COUNTRIES

TD/B/C.2/83

Annex

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1. Country imposing restrictions	2. Preferential Areas	3. Elements which might involve discrimination against certain developing countries	4. Method of allocating licences etc. for restricted imports	5. Comments ^{1/}
Australia	1. Free trade area with New Zealand 2. Commonwealth	-	-	
Austria (LTA)	EFTA	Liberalization applied to specific list of countries <u>not including 35</u> <u>developing countries</u>	Most licences issued to established importers on basis of past performance. However specific provision is made for new entrants by means of a "newcomers' quota".	Share of developing countries 6 per cent of imports of restricted items in 1967. Imports of developing countries up 7 per cent on 1961 compared with 133 per cent increase for other EFTA countries and 26 per cent increase for imports from all areas. However, imports vary from year to year, consisting mainly of wine and meat extracts and juices. Changes in imports of these items from developing countries compare favourably with changes in import of the same items from other countries.
Belgium-Luxembourg (LTA)	Benelux EEC/EAMA	Some bilateral quotas for Yugoslavia	-	Virtually no imports from developing countries of the three items known to be subject to restrictions for imports from all non-EEC countries
Canada (LTA)	Commonwealth	-	-	-
Denmark (LTA)	EFTA	"Free list" does not cover five developing countries. These countries subject to bilateral agreements or <u>ad hoc</u> licensing	Annual licensing budgets. Quotas based on estimated needs and allocated to importers on basis of past performance. Provision for new applicants for licences.	Imports from developing countries only 4 per cent of total imports of restricted items in 1967, but showed an increase of 260 per cent over 1961 level, compared with 130 per cent increase for EFTA countries, and 92 per cent increase for all imports. From 1966 to 1967 imports from all areas and from developing countries decreased, whereas imports from EFTA increased.
Finland	EFTA	Liberalization applies to specific list of countries receiving multi- lateral import treatment, but see comment in column 5.	Quotas expressed in value terms and allocated to importers on basis of past performance. Licences under discretionary licensing may be limited regionally, and issued to importers on basis of past performance, prices and quality. Licences for imports from countries not qualifying for multi- lateral import treatment, or under bilateral arrangements (socialist countries) considered individually.	Liberalization of quantitative restrictions on imports from EFTA countries extended to all countries receiving multilateral import treatment. These include almost all developing countries. Imports from developing countries of products subject to restrictions other than monopolies were only 1.7 per cent of total imports of such products in 1967. Increase 1967 over 1964, 149 per cent for developing countries; 246 per cent for EFTA, and 12 per cent for all areas. For products subject to monopoly (alcoholic beverages and vinegar) developing countries supplied 18 per cent of total but total imports from all areas including EFTA and developing countries considerably lower in 1967 than 1965.

^{1/} All references to imports, percentage shares, percentage increases etc., refer only to items subject to restriction, unless otherwise stated.

1. Country imposing restrictions	2. Preferential Areas	3. Elements which might involve discrimination against certain developing countries	4. Method of allocating licences etc. for restricted imports	5. Comments ^{1/}
France (LTA)	EEC/EAMA Franc Zone	Of 96 products subject to restriction (at 4-digit BTN level) 59 are not subject to restrictions when imported from ex-OEEC countries, United States, Canada, Finland. Imports from more than 40 developing countries are subject to restrictions on all 96 products.	Licence applications generally considered together (" <u>appel d'offres</u> ") but some licences issued on "first come, first served" basis. Few details on types of restriction, but these include bilateral and global quotas, and some discretionary licencing.	19.2% of imports of restricted items were from developing countries in 1967, but of these 91% from Franc zone, a considerable proportion of which consisted of wine. Imports from developing countries 29% lower in 1967 than in 1961, but greater decrease from Franc zone developing countries than from other developing countries due, again, to the large reduction in wine imports. Most imports from developing countries wine and petrol products. In same period, imports from all areas up 63% and imports from EEC up 230%.
Federal Republic of Germany (LTA)	EEC/EAMA	Of 45 products subject to restriction (at 4-digit BTN level) 19 are not subject to restriction if imported from EEC or EFTA countries (including Finland) and a number of territories and ex-territories of these countries. Imports from more than 60 developing countries subject to restrictions on all 96 products. Some bilateral quotas.	Comprehensive information not available but some licences issued as a result of collective tenders, others issued on "first come, first served" basis.	Imports from developing countries 14 per cent of total imports of restricted items. Increase of 151 per cent in imports from developing countries since 1961, compared with 76 per cent increase for all areas. Proportional increase greatest for EAMA, but share of EAMA remains insignificant.
Ireland	UK (free trade area)	-	-	-
Italy (LTA)	EEC/EAMA	Some products only subject to restriction when imported from China (Taiwan), Israel or Yugoslavia.	Applicants for licences must be registered with Ministry of Foreign Trade, listed in the Ministry's record of "Foreign Trade Merchants" and "a member in good standing of the local Chamber of Commerce".	Imports from developing countries 5.4 per cent of total imports of restricted items ^{2/} in 1967. Imports from developing countries 66 per cent higher than in 1961, compared with 143 per cent increase for imports from all areas and 119 per cent increase for imports from EEC. Imports from EAMA countries negligible.
Japan	-	-	Licences mainly issued on basis of past performance	Imports from developing countries 36.4 per cent of total imports of restricted items in 1967, and were 96 per cent higher than in 1962, compared with an increase of only 29 per cent in all imports of restricted items. Most of the increase in imports from developing countries accounted for by imports of petroleum products, which make up 80 per cent of imports from developing countries.
Netherlands (LTA)	Benelux EEC/EAMA	-	-	Negligible imports from developing countries
New Zealand	Australia (free trade area), Commonwealth	-	Restrictions applied equally to all countries (except Australia). Quantities admitted vary from year to year. Many licences issued on basis of previous licence issued, or previous imports.	-

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Including items subject to state import monopoly, but excluding items restricted only when imported from China (Taiwan), Israel or Yugoslavia.

1. Country imposing restrictions	2. Preferential Areas	3. Elements which might involve discrimination against certain developing countries	4. Method of allocating licences etc. for restricted imports	5. Comments ^{1/}
Norway (LTA)	EFTA	"Free List" countries do not include China (Taiwan), Republic of Korea.	Import permits for goods subject to discretionary licences allocated to importers mainly on basis of past performance	Imports of restricted items (listed in annex tables I and II) from developing countries were 9.2 per cent of total in 1968 and consisted mainly of alcoholic beverages and alcohol. Imports from developing countries very variable, but only 3 per cent higher in 1968 than 1961, compared with an increase of 267 per cent for imports from EFTA and 85 per cent for all imports of restricted items. Imports from other areas more stable than imports from developing countries.
Sweden (LTA)	EFTA	Formal licensing for some processed agricultural products from countries in North, Central or South America. Licensing for all products from Ryu Islands, and Pacific Islands under control of the United States.	All quotas effectively " <u>toutes licences accordées</u> ".	Imports from developing countries 6.1 per cent of total imports of items subject to licensing when imported from North, Central or South America in 1967, and only 15 per cent of 1961 level, whereas imports from all areas increased 254 per cent, and imports from EFTA increased 317 per cent; apparently due to tariff preferences, not preferential issue of licences. 6 items (alcoholic beverages) subject to state monopoly. Imports from developing countries 7 per cent of total in 1967, and showed greater over-all proportionate rise than imports from other areas (including EFTA) since 1961. However imports from developing countries in 1967 were less than 50 per cent of 1966 level, whereas imports from EFTA showed a substantial increase.
Switzerland	EFTA	Some bilateral quotas under trade agreements.	Wide variety of types of licensing. No information on basis for allocating licences.	No imports from developing countries of 13 items subject to state monopoly (mainly cereal products including products of rice). Imports from developing countries of other items (listed in annex I) were 6.2 per cent of total imports in 1967 of which 99 per cent was wine. Imports from developing countries 46 per cent <u>lower</u> in 1967 than in 1961, compared with increase of 59 per cent for all imports and 11 per cent for imports from EFTA.
United Kingdom (LTA)	Commonwealth EFTA Ireland	Some bilateral quotas. Licensing requirements differ for Sterling Area (scheduled territories), Dollar Area, Eastern Area (socialist countries) and other countries	Global quotas normally based on past trade levels. Licences for bilateral quotas allocated by exporting country where possible; otherwise issued on basis of past trade, or "first come, first served". There may be bilateral quotas within global quotas	Imports of restricted items (listed in annex II) from developing countries 76 per cent of total imports of restricted items in 1967, but 79 per cent of these are from Commonwealth countries. Imports from EFTA are a very small proportion of total imports, but have grown much faster than imports from other areas.
United States	-	Some bilateral quotas within global quotas.	Quotas for wheat products and petroleum products issued to importing firms.	-

Key: (LTA) - country applying restrictions (restraints or bilateral agreements) under the Long Term Arrangement regarding international trade in cotton textiles.