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Analysis of Non-Tariff Measures

THE CASE OF PROHIBITIONS AND QUOTAS

Peter Czaga

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Working Party of the Trade Committee

ANALYSIS OF NON-TARIFF MEASURES: THE CASE OF PROHIBITIONS AND QUOTAS

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Contact: Peter Czaga, Trade Directorate; Tel. 00-33-1-45249220; e-mail: peter.czaga@oecd.org

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ABSTRACT

This study, that investigates two specific types of quantitative restrictions, namely import prohibitions and quotas, is part of a broad reflection aimed at learning more about the nature and scope of non-tariff measures. The analysis reviews information on these measures contained in the WTO Trade Policy Reviews, WTO notifications and in various other trade reports. The objective of the report is to contribute to discussions, particularly on market access for non-agricultural goods, at the WTO, or elsewhere. The research revealed that the use of quotas and prohibitions for economic reasons has declined, but most countries use prohibitions as part of their regulatory frameworks for protecting human safety and health or the environment, and this tendency appears to be increasing. Traders would benefit from greater transparency of these measures. Also, there are import bans hampering the international trade in used goods, whose circumstances and appropriateness in terms of regulatory efficiency merit scrutiny.

Keywords: non-tariff barriers, quantitative restrictions, prohibitions, quotas, used goods.

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ANALYSES OF NON-TARIFF MEASURES: THE CASE OF PROHIBITIONS AND QUOTAS

Executive Summary

This paper analyses two types of quantitative import restrictions, prohibitions and quotas, as part of the Trade Committee's on-going project on the patterns of use and effects of different non-tariff measures. Prohibitions in general are unconditional interdictions to import, while quotas restrict the imports of specified products by setting a maximum quantity or value of goods authorized for import.

The analysis in the present paper reviews information on these measures contained in the WTO Trade Policy Reviews, WTO notifications and in various other trade reports. It is apparent that the level of transparency of quantitative restriction measures is low compared to many other aspects of the trade regime that have come under multilateral disciplines. For this reason, it would be beneficial to find ways to strengthen rules and implementation with respect to the WTO's notification system in this area.

In general, a declining trend can be observed in the application of quotas and prohibitions for economic, such as balance-of-payment and industry protection, reasons in developing countries. At the same time, the number of prohibitions for non-economic reasons, especially with the objective of protecting the environment and human safety and health, are present in virtually every country and also seem to be on the rise. The incidence of such measures seems to be increasing faster in developed countries where stricter social regulatory frameworks are usually in place.

Prohibitions play an especially important role in the trade of used consumer and capital goods. Bans especially restrict the import of used cars, car parts, cloth and machinery from developing to developed countries. The circumstances of these bans appear at times unclear and, by raising certain policy issues, mark an area that would perhaps merit further investigation and possibly consideration in the context of the NAMA negotiations.

When applied for non-economic reasons, import prohibitions are chosen policy solutions that are used to ensure that different societal regulatory objectives are met. It is necessary to recognize countries' regulatory sovereignty, their right to set and pursue regulatory objectives of their choice. At the same time, countries should take into consideration the principles of good regulatory practice, developed and promoted by the OECD. In the case of prohibitions governments should carefully consider whether import bans are the best regulatory solutions or there exist other alternatives that equally secure the primary regulatory objective with a less distorting effect on the economy and other societal goals.

Introduction

1. This paper investigates the use and trade effects of two specific types of quantitative import restrictions: prohibitions and quotas. It complements earlier work that focused on non-automatic licensing on the import side [TD/TC/WP(2002)39/FINAL] and quantitative restrictions on the export side [TD/TC/WP(2003)7/FINAL]. The current study contributes to a more complete analysis of quantitative trade restrictions and seeks to provide additional background material relevant for the NTB-related discussions of the Negotiating Group on Market Access for Non-Agricultural Products.

2. The Uruguay Round re-emphasized the objective pursued by the GATT of disciplining the use of quantitative trade restrictions and concluded with some significant achievements. The rules that allow such restrictions in certain cases have been tightened, e.g. for balance of payment reasons. In addition, WTO Members were required to phase out measures outside these new rules. Despite these developments, a significant number of WTO members that notified non-tariff measures to the Negotiating Group on Market Access for Non-Agricultural Products (NAMA) under the DDA mandate for negotiations aimed to further reduce or eliminate tariffs and to address non-tariff barriers mention “quantitative restrictions”. Similarly, various national and private sector reports on trade barriers record complaints concerning measures that fall under the broad category of quantitative import restrictions. This indicates that quantitative restrictions, including prohibitions and quotas, remain a subject of concern to traders and governments and affect international trade relations. At the same time, it appears that both the nature and the pervasiveness of these measures are not well documented. Against this background, the present study aims to contribute to a better understanding of the use of prohibitions and quotas and their trade and economic effects.

3. The study is divided into four major parts. Part I defines the measures that are examined in detail and raises some methodological issues. Part II situates the study in the context of the multilateral trading system, by summarizing existing GATT/WTO disciplines and rules that govern the application of quantitative import restrictions. The section also provides some illustrations of how prohibitions and quotas are dealt with by major regional and bilateral trade agreements. Part III summarizes findings from research conducted on the incidence of these two types of import restrictions as well as on their role and patterns of use. As it appears that prohibitions play an important role in the international trade of used consumer and capital goods, a separate section addresses these cases in more detail. Finally, Part IV analyses conceptually the trade and economic impact of prohibitions and quotas and presents quantitative data from research done in this area.

Part I.

Definitions of measures and observations concerning methodology

4. According to the WTO terminology, prohibitions and quotas, similarly to other quantitative import restrictions, are measures that are applied at the border that have a direct effect on imports. Their explicit goal is either to limit the volume of specific imported products entering the domestic market or to prohibit completely their importation.[1]

- Prohibitions are an unconditional interdiction to import. Sometimes they can include further specification setting conditions under which the goods are allowed.

[1] Walter Goode, *Dictionary of Trade Policy Terms*, WTO and Cambridge University Press, 2003.

- Quotas – Restrictions of imports of specified products by setting a maximum quantity or value of goods authorized for import. Different types of quotas exist, such as global quotas, bilateral quotas, seasonal quotas, quotas linked with export performance, quotas linked with the purchase of local goods, quotas for sensitive product categories, and quotas for political reasons.

5. The literature points out the difficulties of measuring the actual trade and economic impacts of quantitative restrictions. This study applies a methodology similar to the one that was used in earlier investigations of non-tariff measures. For documenting the incidence of prohibitions and quotas, the research relies on WTO notifications and on various trade reports. WTO notifications provide only a limited amount of information. Access to the detailed database on QRs is limited to WTO members and reverse notifications are generally not very detailed. The primary data source reviewed for this study was the WTO's Trade Policy Reviews. Eighty-five TPRs prepared from between 1998 and 2004 were examined. This information was supplemented by data collected through the review of other material such as the EC's Market Access Database, the Report on the WTO Consistency and Trading Policies by Major Trading Partners issued annually by the Japanese Government and the National Trade Estimate Report of Foreign Trade Barriers issued annually by the Government of the United States. For the section on used goods, some specialised reports were reviewed. The Annexes attached to this report present selected data compiled from these additional sources.

6. Although the above mentioned sources provide a significant amount of data on prohibitions and quotas, important limitations exist. The information is not always clear and comprehensive. Also there exist differences in the depth of treatment of different countries and some of the data may be outdated. In view of the constraints posed by limited data, the Secretariat decided not to undertake any quantitative analyses. Nevertheless, from the available data it is possible to identify and analyse the patterns of use of prohibitions and quotas in different countries, the nature and the range of affected products, the types of justifications invoked (economic and non-economic), and based on these examinations to discern certain global trends.

7. In the past, agricultural products were treated separately from industrial goods under the multilateral trading system and they are currently negotiated separately under the DDA. For these reasons, and in order to keep this project manageable, agricultural and food products have been largely excluded from this investigation. Due to the high incidence of prohibitions and quotas applied in this area, particularly tariff-rate quotas, agricultural and food products would merit a separate examination, possibly carried out at a later stage.

8. The current paper also discusses in a cursory manner other types of quantitative restrictions, such as "quantitative restrictions made effective through state trading operations", "mixing regulations" and "minimum price triggering a quantitative restriction." A short summary of the findings at the end of Part III, indicates that these measures appear to be significantly less frequently used than prohibitions or quotas.

Part II.

Overview of WTO disciplines on quantitative restrictions

9. As a fundamental rule, the GATT, through Article XI, prohibits quantitative restrictions on the importation or exportation of any product, by stating that "no prohibition or restrictions other than duties, taxes or other charges, whether made affective through quotas, import or export licenses or other measures, shall be instituted or maintained" by any Member. There are however a number of exceptions to this general rule. They permit the imposition of quantitative measures for specified objectives, given that such

measures are not applied in a manner which would result in arbitrary or unjustifiable discrimination between countries or would represent a disguised restriction on international trade.

10. Exceptions provided for **non-economic reasons**:

- Article XI permits import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade.[2]
- Article XX authorizes measures necessary for achieving certain public objectives such as protection of public morals and protection of human, animal or plant life or health.
- Article XXI allows a general deviation from WTO obligations in cases where the security interests of a country are concerned. Thus quantitative restrictions are permissible in respect of trade in products which would negatively affect a country's security interests e.g., arms and ammunition.

11. Exceptions for **economic reasons**:

- Articles XII and XVIII:B of GATT 1994 permit the use of quantitative restrictions on imports by a Member with the purpose of safeguarding its external financial position and its balance of payments. In order to reduce the potential for abuse, the GATT clarifies the conditions for invoking these provisions. Restrictive import measures may only be imposed to control the general level of imports and may not exceed the extent necessary to address the BOP difficulty. Countries using such measures must specify the products involved and the timetable for the elimination of measures. Finally, GATT states that wherever possible, price-based restrictions are to be preferred to quantitative restrictions, except in times of crisis.
- Article XVIII:C permits developing countries to deviate from the provisions when governmental assistance is required in the establishment of a particular industry. Under such conditions, quantitative restrictions are also permitted. The imposition of measures is subject to notification and prior consultations with the affected Members or/and to the accord of the General Council.[3]
- Article XIX allows for measures that are necessary to prevent sudden increases in imports from causing serious injury to domestic producers or to relieve producers who have suffered an injury.

12. The WTO also permits import restrictions through a "**waiver of obligations**" granted in exceptional circumstances by the Ministerial Conference. Article XXV:5 of the GATT 1947 permits a partial waiver of obligations under with the consent of the other contracting parties. When a waiver was obtained, then the contracting party is allowed to impose import restrictions. Waivers admitted under the GATT 1947 and still in effect when the WTO Agreement became effective could be extended under the WTO Agreement.

13. When in fact quotas or prohibitions are used, the GATT recommends ways for their design. Whenever feasible, such quotas are to be "global", i.e. fixed in terms of the total amount of permitted imports. These quotas can be allocated among supplying countries. In such an event the quotas have to be

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[2] Article XIII of GATT 1994, extends the MFN principle to the administration of quantitative restrictions when they are used as an exception to Article XI. As a general rule, in the application of prohibitions or restrictions on imports and exports, a Member should treat all other Members equally.

[3] In urgent cases, the Tokyo Round Decision on Safeguard Action for Development Purposes waives the requirement of time limits after consultation with affected Members or prior agreement of the General Council.

allocated on the basis of proportions supplied by these countries during a previous representative period. In cases when quotas are not practical, the restrictions may be applied by means of import licenses or permits.

14. Concerning the **implementation** of provisions, the current procedures for up-dating WTO documentation on non-tariff measures are based on two Decisions (G/L/59 and G/L/60), adopted in December 1995 by the Council for Trade in Goods. These decisions intend to strengthen the transparency of the application of quantitative restrictions, notably through an inventory of non-tariff measures that is made available to Members for consultation. All quantitative restrictions are to be notified under Decision G/L/59, which provides a list of such measures in an Annex.[4] Members also have the right to make reverse notification. Under Decision G/L/60, measures not captured by the exhaustive list of G/L/59 can be notified by the party affected by the measure.[5]

Treatment of QRs in RTAs

15. Usually RTAs[6] also address quantitative restrictions, including prohibitions and quotas, imposed on all or a subset of import goods. Among major RTAs worldwide, it appears that several agreements have removed existing quantitative restrictions with respect to trade between the participating parties, either immediately or progressively over time.

16. The WTO has prepared an **inventory of non-tariff provisions in RTAs** based on information extracted from a total of 69 agreements notified to the GATT/WTO. (See Table 1.) The analyses of the data examines provisions on quantitative restrictions in all these RTAs, but no information is available concerning specific types of QR measures in the WTO report. The study reveals a definite trend towards broader as well as faster market access liberalisation in recent years in intra-RTA trade in relation to QRs on imports. RTAs signed in the 1990s provide for outright abolition of QRs on imports of all goods (i.e. both agricultural and industrial products) much more often than earlier RTAs. It has also been found that, compared to FTAs, customs unions tend to favour a faster liberalisation of import QRs.

[4] For QRs that were already notified under other WTO Agreements, Members are to state that a previous notification was made and to report the document reference of this notification. For those QRs justified under Articles XX, XXI or XVIII, a full description of the product, HS number and WTO justification are required. The Decision provides for a central registry of quantitative restrictions in the WTO Secretariat's Market Access Division. The notification has to describe the tariff lines affected by the measure, indicate the type of restriction, and give the ground and the WTO justification for its maintenance. A statement on the trade effects of the measures should also be included.

[5] The reverse notification contains the same elements as the notification by a Member applying a quantitative restriction. If the content of the reverse notification is challenged, the comments made are to be included in the inventory of quantitative restrictions, and further information is to be sought from the notifying Member. Consultations may be held to verify the existence and scope of the measure.

[6] The term “RTA” (regional trade agreement) is used here to cover the range of free trade areas and customs unions.

Table 1. Treatment of QRs on imports in RTAs

	QRs abolished at date of entry into force		Progressive elimination of QRs on industrial goods	Parties retain the right to impose new QRs on imports[7]
	on all goods	on industrial goods only		
RTAs	**12**	**14**	**23**	**12**
Customs unions	4	1	2	3
Pre-1990 customs unions	*2*	-	*1*	*3*
Post-1990 customs unions	*2*	*1*	*1*	-
FTAs	8	13	21	9
Pre-1990 FTAs	-	-	*4*	*9*
Post-1990 FTAs	*8*	*13*	*17*	-

Source*: Inventory of Non-Tariff Provisions in Regional Trade Agreements,* WT/REG/W/26

17. Some examples for the treatment of QRs in major RTAs::

- **NAFTA** provides for complete prohibition of QRs (for new products) and for NAFTA partners existing quotas under the MRA were eliminated (although there are safeguard provisions for the textiles and apparel sector that permit QRs).
- Likewise, the bilateral FTAs which the EC has concluded with Mexico and South Africa, respectively, eliminate all existing QRs on bilateral imports and exports and prohibit the introduction of any new such measures.
- With the **Closer Economic Relations (CER) Trade Agreement**, Australia and New Zealand eliminated all tariffs as well as QRs on goods by 1 July 1990.
- Countries participating in the **ASEAN Free Trade Agreement (AFTA)** committed to the elimination of all QRs in respect of products under the CEPT Scheme well ahead of the elimination of other types of non-tariff barriers. Special provisions apply to so-called ‘sensitive’ and ‘very sensitive’ products, where the more developed Members of AFTA agreed to eliminate all QRs only by 1 January 2010 and their less developed partners are given even more time.
- Several bilateral free trade agreements (e.g. **Singapore-Australia, Singapore-Japan, Chile-Canada**) do not permit quantitative restrictions except in accordance with GATT Article XI.

[7] Unless an agreement specifically states that parties may not impose new QRs, it is assumed that they retain this right.

18. At times, however, the use of some types of QRs continues to be allowed for selected products, such as textiles and automobiles. For example, tariff rate quotas continue to restrict the trade in automobiles among the member countries of **MERCOSUR**. [8] Similarly, for example, the **Chile-Korea** free trade agreement permits Chile to maintain or introduce QR measures related to the import of second-hand vehicles

19. Occasionally, RTAs allow the use of QRs in circumstances that are defined so broadly that they can easily be subject to abuse. The **Southern African Customs Union (SACU)** permits members to prohibit or restrict the import or export of any goods for "economic, social, cultural or other reasons as may be agreed upon by the Council" of Ministers, which is the supreme governing body of SACU (Article 25.1).

20. Finally, RTAs follow and are consistent with multilateral trade rules in that members reserve their rights to take action and adopt measures that they judge necessary for non-economic regulatory goals related to the protection of human, animal or plant life and health, national security, or public morals.

Part III.

Research findings

21. The following sections analyse the practices observed in the use of prohibitions and quotas based on information on these types of NTBs contained in existing studies on trade restrictions. As mentioned in the introduction, assessment of the use of these measures is limited by the available data in three ways. First, the various relevant trade reports treat different countries and different measures with various degrees of detail; therefore the findings presented below cannot be considered comprehensive. Second, the reports indicate that prohibitions and quotas in most countries are subject to continuous and fast changes; thus some of these materials can easily became outdated soon after their publication. Third, there are repeated claims in different studies that it is difficult to receive reliable information on the exact details of the importation regime operated by certain countries. For this reason, it is likely that the data reflect concerns about access to large world markets and about more readily identifiable policies. Quantitative restrictions in smaller markets and developing economies may be thus under-represented, as well as less transparent measures.

Existing studies on the incidence of QRs

22. There exists some research that is based upon inventory listings of observed quantitative restrictions applied by particular countries with respect to different sectors or categories of trade. Many of these studies consider NTBs or quantitative restrictions as a single category, making it difficult to make observations on the specific use of prohibitions and quotas. Below are presented some findings from studies that treat different QRs as separate categories:

- A World Bank study carried out Michalopoulus examined the evolution of non-tariff measures in developing countries over the period 1989-1998 and found that non-automatic import licensing is the measure that affects by far the greatest number of imported products, with prohibitions ranking second. [9]

[8] Exports in excess of a set amount of imports are subject to a tariff which is scheduled to gradually decrease over time and reach 6.9% by 2006. [Automotive Provisions Report, Office of Automotive Affairs, ITA, US Department of Commerce, 17, available at http://www/ita.doc.gov/auto]

[9] Constantine Michalopoulos, *Trade Policy and Market Access Issues for Developing Countries*, World Bank, Washington, 1999. The analysis relies on frequency ratios as indicators of the existence and scope of application of

- Michalopoulos also found that resort to prohibitions, quotas, similarly to other NTB measures, has declined for the large majorities of countries over the examined period of 1989-1998.
- Finger and Schuknecht looked in detail at 33 notifications on quantitative restrictions that were submitted to the WTO in the period 1996-1998. They found that the most often reported measures were prohibitions, followed by licensing and quotas. [10]
- According to research which the USITC is undertaking to quantify NTBs, and for which data are being collected from various trade reports, import prohibitions are the third most often cited NTMs affecting imports, preceded by "import licensing" and "standards, testing, certification and labelling." [11]

23. The present paper aims to assess the validity of the trends identified in the existing literature with respect to the use and the relative incidence of different quantitative restrictions, and to contribute additional information collected from various other data sources.

Findings from WTO notifications

24. As mentioned earlier, WTO Members are obliged to notify QRs, along with a statement on their trade effects, and the WTO Secretariat's Market Access Division is to maintain a central registry of such restrictions. Access to this registry is reserved for WTO members only, but the Secretariat periodically publishes a document listing the WTO Members having made a notification. The latest list available was issued in March 2004 and reveals that, since 1996, 39 countries have submitted notifications of QRs and 16 countries have submitted notifications of changes to their QRs (see Annex 1). In addition 33 members notified the WTO that they do not maintain QRs. It seems that in these latter cases the notification obligation was generally interpreted as relating only to WTO inconsistent QRs, while in other cases member countries may have notified details of existing QRs even if they can be justified by the exemptions provided by WTO provisions. Furthermore, the available WTO list of notifications does not specify the type of restriction reported by the members.

25. Information on prohibitions, quotas and other types of QRs can also be compiled from notifications on non-tariff measures to NAMA. The NTBs notified are not described in much detail;

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various protective measures. The data also shows that machinery and electrical equipment, vehicles, plastics and textiles were the groups most subjected to prohibitions. At the same time, vehicles, arms, textiles and plastics were the product groups most restricted by quotas. Over the examined period the number of countries imposing prohibitions on textiles and machinery and electrical equipment declined, but remained relatively unchanged for vehicles.

[10] J. Michael Finger and Ludger Schuknecht, "Market Access Advances and Retreats: the Uruguay Round and Beyond", 1999, available at http://econ.worldbank.org/docs/959.pdf. The study also found that Article XX (general exceptions) and XXI (security exceptions) are most frequently as a justification for QR measures. Inside Article XX the paragraph allowing restrictions for the protection of human, animal and plant live or health was used the most often. Finger and Schuknecht also made observations about the overall progress in reducing NTBs including quantitative restrictions. They noted a significant decline in the use of NTBs both among developing and developed countries.

[11] The Office of Economics of the U.S. International Trade Commission is currently conducting research with the objective to improve the quantification of the effects of non-tariff measures (NTMs) on trade flows and other economic variables. A central element of this effort is the preparation of a database of NTMs that includes information on 53 economies. It also provides information on the goods and services products and on the sectors that are affected by NTMs as well as reference sources. An overview of this research and some preliminary findings were presented at the APEC Capacity-Building Workshop on Quantitative Methods for Assessing NTMs and Trade Facilitation, October 8-10, 2003, Bangkok, Thailand.

information is provided concerning the products affected by the barrier, the nature and trade effects of the barrier, and the WTO provision relevant to the notified measure. A closer examination of this material leads to the following observations:

- QRs have been reported predominantly by developed countries.
- When products are mentioned, textiles, vehicles and forestry products are the most notified categories. Electric goods, steel products, chemical products, used goods, carpets and leather and motor parts also feature in several instances.
- Concerning the type of QR, notifications mention most often import prohibitions, followed by quotas and state trading. In several cases, the notifications only say quantitative restrictions in general, and the exact type of the measure (whether prohibition, quota, or licensing) is not specified.

Table 2. Notifications of quantitative restrictions made to the WTO Negotiating Group on Market Access for Non-Agricultural Products under the DDA mandate

Nature of the barrier	**Incidence**
Unspecified quantitative restrictions	9
Prohibitions	17
Quotas	9
"Prohibitions or quotas"*	15
State trading	5
Total	*55*

26. As of May 2004, the countries that have made notifications as of May 2004 are: Argentina, Bangladesh, China, Egypt, Japan, Korea, Mexico, Malaysia, New Zealand, Norway, Philippines, Switzerland, Taiwan, and Uruguay. The figure for the number of prohibitions reflects an unusually high number of measures notified by one member.

* One country used the term "Prohibitions or quotas" as descriptor of the measures notified.
Source: OECD, compiled from NTB notifications submitted to NAMA (TN/MA/A*) 27. As only around 39 WTO Members have submitted notifications regarding quantitative (export and/or import) restrictions and the data provided is limited in detail, the WTO sources do not provide adequate information on the different quantitative restrictions applied by Members. This data indicates that in practice the notification obligation of the WTO is not fully achieving its aim to increase transparency in this area.

QR issues in the context of the WTO dispute settlement process

28. Since 1995 a significant number of requests for consultations related to import restrictions have been submitted to the Dispute Settlement Body of the WTO. However, the large majority of these requests are related to agricultural products, and non-agricultural products feature only in a few disputes. The relatively few cases that are related to prohibitions and quotas are shown in Table 3.

Table 3. Overview of complaints at the WTO

Measure	Complaining Party	Issue
Measures affecting asbestos and products containing asbestos (EC)	Canada	Measures taken by France to prohibit the importation of asbestos and products containing asbestos to protect human health and safety
Prohibition of imports of polyethylene and polypropylene (Malaysia)	Singapore	The imposition of import prohibitions on PE and PP to protect human health and safety
Quantitative restrictions on imports of agricultural, textile and industrial products (India)	Australia, Canada, EC, New Zealand, Switzerland, US	QRs (including import prohibitions) maintained on more than 2,700 agricultural and industrial product tariff lines for BOP reasons
Import quotas introduced by Turkey on certain textile and clothing products	Hong Kong, China, India, Thailand	Quotas on textiles and clothing products introduced by Turkey as parts of implementing the customs union the between Turkey and the European Communities

Source: OECD, compiled from WTO documents WT/DS135/AB/R, WT/DS1/1, WT/DS91/3, WT/DS29/2.

The use of prohibitions and quotas for economic reasons

29. The use of prohibitions and quotas for economic reasons has decline substantially in recent years. It is much more common for governments to state health, safety, environmental and other concerns as reasons for applying these restrictions. The majority of the countries that applied QR measures for economic reasons in the 1990s have subsequently abandoned or significantly limited their use. The tendency has been to transform prohibitions into import licensing, which can be automatic or non-automatic. However, a few exceptions still exist and are described in the following sections.

Balance of payment restrictions[12]

30. The records of the Balance of Payment (BOP) Committee of the WTO and the trade reviews show a considerable decline in the use of quantitative restrictions for BOP reasons over the last decade. This development is largely due to the tightening of existing GATT rules as a result of the Uruguay Round and the stricter enforcement related to the use of these measures.

31. The Uruguay Round Understanding on Balance of Payments Provisions added a number of clarifications to Articles XII and XVIII dealing with balance of payments in the GATT 1947 and the GATT 1994: price-based measures, i.e. import surcharges, are preferred to quantitative restrictions, the use of quantitative restrictions is allowed only under exceptional circumstances, and measures taken for BOP reasons may only be allowed to protect the general level of imports (i.e. they must be applied across-the-board and should not protect specific sectors from competition). Additionally, the Understanding established strict notification deadlines and explicit documentation requirements, and permitted “reverse notification” by Members concerned with measures instituted, but not notified, by other Members.

[12] This paper deals only with measures involving quantitative restrictions evoked for BOP reasons, although several other measures also exist, such as import surcharges, etc.

32. Pursuant to the GATT 1947 and the GATT 1994, any Member imposing restrictions for balance of payments purposes is required to consult with the BOP Committee to determine whether the use of restrictive measures is necessary or desirable to address its balance of payments difficulties. In line with BOP provisions, the BOP Committee works closely with the International Monetary Fund (IMF) in conducting these consultations.[13]

33. These clarifications have played a significant part in ensuring that the BOP provisions are used as originally intended: to enable countries undergoing a balance of payments crisis to impose temporary measures until improvement of the situation. Previously, countries often employed quantitative restrictions or prohibitions selectively to specific sectors and maintained them for a long period of time. At present, a smaller number of countries resort to quantitative restrictions to safeguard their BOP position and keep these in place for shorter periods of time.

34. The examination of the TPRs and of the annual reports of the Committee on Balance of Payments Restrictions reveals that in the last few years very few countries have applied import restricting measures and that by now the majority of these countries have discontinued these measures by now. Typically, countries have used either import surcharges or quantitative restrictions.[14] Since 1995, only eight countries (Burundi, Nigeria, Bangladesh, India Pakistan, Egypt, Philippines and Tunisia) have notified to the WTO their use of import prohibitions for BOP purposes. The majority of these countries have focused their restrictive measures on a few goods, most frequently on agricultural products, textiles and clothing, and, to a lesser extent, on automobiles.[15]

35. Currently, **Bangladesh** is the only WTO member applying notified BOP measures. Bangladesh has long been using import restrictions for BOP reasons. In 2000, about 2.2% of total HS 4-digit tariff lines were subject to trade-related prohibitions or restrictions,[16] but since progress has been made in reducing the size of the banned and restricted lists. Trade-related restrictions mainly applied or continue to apply to some agricultural products packing materials, and textile industry products, while import bans are in place on woven fabrics, and imports of grey cloth are restricted to the ready-made garment industry.

36. **India** presents an interesting case of the use of quantitative restrictions for BOP reasons. India's trade policy since the 1950s had featured quantitative restrictions with economic aims. In 1991, India has

[13] The IMF provides documentation, normally a paper on Recent Economic Developments including statistics covering the balance-of-payments, and makes a formal statement to the Committee. Under simplified consultations, the IMF provides documentation, but does not address the Committee.

[14] A number of countries implied import surcharges for BOP reasons in the 1990s. The countries that used these measures were mostly transition economies, such as Poland, Hungary, Slovak Republic, Czech Republic, Bulgaria and Romania, and also Sri Lanka and South Africa. These measures were abandoned in the second part of the 1990s, with Romania and the Slovak Republic being the last ones to lift the restrictions in 2001.

[15] Examples of measures invoked and disinvoked for BOP reasons: **Israe**l disinvoked the balance-of-payments provisions in 1995. It had used restrictions under these provisions at various times since 1961. The most recent import restrictions applied to agricultural products and were converted into tariffs and tariff quotas. The **Philippines** used restrictions on coal and coal products and on agricultural products that were eliminated by 1999. Further, **Nigeria** in 1999 and **Tunisia** in 2001 discontinued the use of any import prohibitions on automobiles. Over the period 1993-2000, **Burundi** had gradually expanded its negative list of prohibited or controlled imports, the Government arguing a foreign currency shortfall to justify the measure. After 2000, as the peace process advanced, prohibitions were progressively lifted. Finally, **Pakistan** has been prohibiting the importation of several products for BOP reasons since 1997, although the number of items has been gradually reduced.[15] The main prohibitions on commercial grounds affecting numerous textiles and clothing articles and chassis for trucks were phased-out between July 2000 and January 2001.

[16] TPR report of Bangladesh, 2000.

launched a market reform, but maintained restrictions on imports of 1,429 items, citing BOP problems. Beginning in 1995, in the BOP Committee and continuing into dispute settlement in 1997, the WTO members challenged India's need to maintain measures for balance of payments reasons. A 1999 WTO dispute settlement decision, responding to a complaint filed by the US, ordered India to end the curbs on all items by April 1, 2001, stating that the country's BOP situation had improved.[17] The curbs of the last 714 items were lifted by the date given above. Of the last 715 items covered by the latest liberalization, 342 were textiles products, 147 were agricultural products, and the remaining 226 were manufactured products, including automobiles.

Industry protection

37. Like BOP measures, import restrictions (prohibitions and quotas) for industry protection reasons are rare.[18] A notable exception is textiles and clothing, which is discussed in a later section. Article XVIII:C of GATT, which permits quantitative restrictions for industry protection purposes, has been invoked only on three occasions since the entry into force of the WTO Agreement. [19]

38. As reported in the TPRs, a limited number of other countries use prohibitions or quotas for the stated objective of protecting local industry. In most cases, however, reliance on these measures is diminishing. It is common for governments to switch from prohibitions and quotas to non-automatic import licensing or other types of measures that usually are less trade-disruptive.

39. For example, **Papua New Guinea** is a LDC that used prohibitions to protect local producers from foreign competition. The Government effectively granted monopoly status by initially applying import bans and quotas, but more recently converted these to high, albeit often prohibitive, tariffs. Examples of industries protected in this manner in the past include the cement industry and certain food processing industries such as sugar, fish and beef.

40. **Nigeria** still operates a long list of banned goods, predominantly agricultural goods, but also textiles, bicycles, toothpaste, pencils and ball point pens, etc. The government claims that these policies are in place for economic reasons. It is not clear whether they are consistent with WTO rules.[20]

41. The TPRs also indicate that **Indonesia** and **Malaysia** use several types of quantitative restrictions, including quotas, prohibitions and import licensing, to protect certain sectors of the domestic industry, but their QR regimes are subject to fast changes and contradictions often appear between the findings of different trade reports. The product coverage of import restrictions and the exact types of QR used are often unclear. Indonesia has maintained an import ban and quantitative restrictions on a variety of items for the protection of domestic industries; for example, a template import ban on automobiles and motorbikes, and import quotas on commercial vehicles. Recent deregulation has caused a year by year decrease in the number of covered items. The authorities indicated to the Secretariat that by December

[17] India – Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products, Report of the Panel, WT/DS90/R, April 1999.

[18] There is no designated body to which such notifications should be sent. The Council for Trade in Goods (CTG), which operates "under the general guidance of the General Council", is responsible for "oversee(ing) the functioning of the Multilateral Trade Agreements in Annex 1A". This includes GATT 1994, of which Article XVIII:C is part. The CTD, on the other hand, is competent, under its terms of reference, to "consider any questions which may arise with regard to either the application or the use of special provisions in the Multilateral Trade Agreements and related Ministerial Decisions in favor of developing country Members and report to the General Council for action."

[19] Malaysia - polypropylene and polyethylene (1995);.Colombia - imports of salt (1998), and Bangladesh - chicks, eggs, cartons and salt (2002). Source: WTO.

[20] EU MAD database.

2002, the importation of 179 nine-digit HS items was restricted and 41 nine-digit HS items were prohibited. **Malaysia** also uses a combination of import licensing and quota measures on a discretionary basis to regulate import flows with a view to developing certain important infant and strategic industries and promoting greater forward and backward linkages. [21] For example import quotas and licensing systems are applied to imported automobile parts.

42. The use of quotas and prohibitions is also observed in the motor vehicles sector. For example, according to the TPRs, Venezuela and Brazil both used QRs to protect their automotive industries. **Venezuela** bans the import of automobiles with used engines and chassis (except for public transport vehicles or taxis), with the stated intent of laying the regulatory foundations for the functioning and development of the national automotive industry. **Brazil** eliminated its import quotas on automotive goods in 1999, when the existing automotive regime ended. See Table 4 below for examples of other countries where quotas and prohibitions apply on the imports of motor vehicles and spare parts.

Table 4. Quotas and prohibitions affecting imports of new motor vehicles

Argentina	Foreign vehicles that do not have a domestic equivalent are subject to import quotas. This quota system limits imports to a percentage of total domestic production.
Brazil	Ban on diesel passenger car imports.
China	Quotas on autos will be phased out by 2005 with an initial level of $6.0 billion, which exceeds the actual level of trade prior to implementation of the 1994 Auto Industrial Policy. Quotas will grow 15% annually until eliminated.
Chinese Taipei	Import of diesel vehicles (except Jeeps) and two-stroke engine cars are prohibited.
Colombia	Import prohibition of new vehicles from previous years.
Ecuador	Import prohibition of new vehicles from previous years.
Malaysia	Iimport ban on motor vehicles from Israel.
Mexico	Vehicles that comply with the Mexico-EU FTA are subject to quota restrictions until 2007. Imports in excess of the quota (15 percent of the previous year's total market for similar vehicles) are subject to a 10 percent duty. Up to 50,000 new vehicles per year manufactured in Brazil enter at an 8 percent tariff rates and additional units are subject to a rate of 20 percent.
Singapore	The Vehicle Quota System pre-determines the number of cars that will be registered for the year. This number is based on the number from the previous year plus 3%, added to the number of cars that are expected to be scrapped.
Thailand	Ban on buses with 30 seats and over.
Venezuela	Import prohibition of new vehicles from previous years.

Source: United States Department of Commerce, International Trade Administration, Office of Automotive Affairs, *Compilation of Foreign Motor Vehicle Import Requirements,* December 2003.

43. At the same time, quantitative restrictions for industry protection purposes have been used by more developed countries as well. The **Republic of Korea** once operated a system of import restrictions based on industry economic purposes that was abandoned only at the end of the 1990s. The so-called Import Diversification System (IDS) ban, put in place in 1978, was conceived as a means of relieving Korea's excessive trade imbalance with Japan and promoting a geographically balanced import structure.

[21] APEC and WTO document G/LIC/N/3/MYS/1, 19 December 1997.

In compliance with WTO commitments and the IMF stabilization package, Korea advanced the elimination of import prohibitions from 31 December 1999 to 30 June 1999. The IDS was removed in three stages. The last ten digit HS items (all taken off the IDS list at end June 1999) covered: certain types of motorcars (including jeeps), radial tyres for cars, engine parts, excavators, machining centres, colour television sets (above 25 inch), video cassette recorders, portable radio-telephony apparatus, electric rice cookers, and cameras for 35mm roll film.[22]

44. Many countries have turned their quotas and prohibitions into non-automatic licensing procedures. However, data from the TPRs indicates that several of these import licensing are actually de facto prohibitions as it is considered impossible to receive a positive answer to applications for license. For example, the TPR of **Thailand** mentions that it is virtually impossible to receive licences for the import of certain vehicles and worked monumental and building stone.

45. **China**'s WTO accession agreement obliged the country to reduce its import quotas and prohibitions that had been historically used to restrict trade. On this basis, China has been gradually eliminating many of its import prohibitions and quotas over a multi-year phase-in period. However, some trade reports indicate that for some products, such as automobiles, China's implementation of the required quota system has been characterized by delays, lack of transparency and inappropriate allocations in both 2002 and 2003.

The case of textiles and clothing

46. **Textiles and clothing** is the only product group (apart from agricultural goods) where QRs taking the form of import quotas have been used very frequently for industry protection purposes. However, most of these restrictions will be abolished by 2005, when the Agreement on Textiles and Clothing (ATC) is fully implemented.

47. For several decades, international trade in textiles has been subject to a complex system of bilateral quantitative restrictions that certain developed countries have introduced and maintained in order to shield their domestic textile and clothing industries from the growing competition from developing-country producers. These quotas fall under the Multi-Fibre Arrangement (MFA).While some nations with strong political ties to developed countries benefited from preference agreements that raised their quota levels or eliminated them, many developing countries suffered from severely restricted market access. Concluded in 1995, the ATC resulting from the Uruguay Round negotiations, subjects trade in textiles and clothing to the fundamental WTO principles of non-discrimination and national treatment. The agreement mandates that WTO members implement the ATC over a period of 10 years, from January 1, 1995 to January 1, 2005. From this point on, quotas on textile and clothing products will only be used for BOP (e.g. by Bangladesh) but not for industry protection reasons.

48. There exists a considerable body of analyses on the economic and trade effects of quotas on textiles and clothing products. An earlier paper of the OECD Trade Directorate (TD/TC/WP(2003)2/REV1) provides a survey of quantitative studies on market liberalisation in this sector.[23] The conclusion of the paper is that all the reviewed studies foresee increases in global welfare as a result of ATC reform, but conclusions differ with respect to the distribution of welfare effects. Some analysts see developing countries as the main beneficiaries of ATC reform, while others point out that

[22] By mid 1999 the market shares of several popular Japanese products for which IDS prohibitions were lifted at the end of 1998, had expanded to up to 92%. These included numerically controlled milling machines, camcorders, ceramics and china products, and analog watches (*Digital ChosunIlbo* [Online], 3 June 1999. Available at: http://www.chosun.com/w21data/html/news/199906/ 199906030454.html

[23] *Liberalising Trade in Textiles and Clothing: A Survey of Quantitative Studies*, OECD, Paris, 2003.

effects will be likely to differ from country-to-country. Developed countries (Canada, the European Union and the United States) are expected to experience substantial increases in welfare from ATC reform coming from lower consumer prices and more efficient resource allocation.

Import prohibitions for non-economic reasons

49. The number of products that countries tend to place on prohibition lists for a variety of non-economic reasons – such as health (hygiene and sanitation), safety, environment (to protect animal and plant life), moral, cultural and religious and security reasons – is substantial. The general picture emerging from this investigation suggests that the number of products whose importation is prohibited on non-economic grounds has been rising somewhat in recent years. However, it is not possible to quantify developments in this area. The products whose importation is prohibited on non-economic grounds in a large number of countries are:

- Counterfeit goods and related production equipment (including coins and notes).
- Articles infringing on patents and other intellectual property rights.
- Narcotic drugs.
- Items banned on security reasons, such as weapons, ammunitions, explosives.
- Products that contain substances that are banned on the basis of environmental protection, and/or public health and safety considerations.
- Materials that might offend public morals, culture or religion.
- Certain protected animals and plants.
- Certain used goods.

50. The first three categories of goods (counterfeit and IPR infringing products, as well as, narcotics), are mentioned as banned items in the case of almost all countries (85) that were reviewed by the WTO between 1998-2004. Concerning weapons, ammunitions and explosives, they are in many cases listed as banned items and in other cases are subjected to import licences or can be imported only by state trading enterprises.

51. The largest number of prohibitions have been introduced on the grounds of **environmental protection, and public health and safety** considerations, or both. Such products broadly fall into two categories. First, countries most commonly ban products that contain substances that they consider dangerous to the environment and to human and animal health. The incidence of such bans seems to be on the rise especially in developed countries that apply more stringent environmental and health and safety regulations than the developing world. Different countries often use export licensing or prohibitions for the same type of substance or products. Among other products, the trade reports indicated prohibitions for different types of asbestos, and for human, animal and industrial waste, of the highest incidence.[24]

52. Other potential sources of information on quantitative restrictions introduced for environmental reasons are the **WTO environmental databases** that were published annually between 1997 and 2001. These documents compile all environment-related notifications to the WTO, grouped according to the Agreements under which they were issued. The documents indicate that the number of environment-related measures notified under the Agreement on Quantitative Restrictions is much lower than measures that fall under other agreements, such as the TBT, SPS, SCM or the Agreement on Agriculture.[25] Only the 2000

[24] For more details see Annex 3 on the list of products affected by prohibitions in different countries as derived from the TPR reviews.

[25] Number of environmental measures notified between 1997 and 2001: TBT Agreement: 435; SPS Agreement: 95; SCM Agreement: 133; Agreement on Agriculture: 150; Agreement on Import licensing procedures: 79; Quantitative restrictions: 12. WT/CTE/EDB/1 Annex 3, p 73.

and 2001 edition of the database contained enough information that made it possible to identify the exact type of QR measures in question. It was found also that measures notified under the TBT Agreement also refer to prohibitions or quotas in a few cases. Annex 2 contains the environment-related prohibitions and quota measures reported in 2000 and 2002.53.The second-largest category is made up of **used goods** which some countries consider damaging to the environment and to human health and safety. Such prohibitions occur mostly among developing countries, which could otherwise represent a large market for the export of used goods from developed countries. Trade policies affecting used goods raise many issues. International trade in used goods is frequently restricted by QRs and other trade measures, and the justifications which governments give when they ban or otherwise intervene in the trade of such goods are varied and often not clear. QRs affecting used goods will be examined separately in the next section.

54. The TPR reports reveal that several developed countries operate a complex system that regulates the importation of **dangerous substances** by introducing bans or licensing requirements. For example, the **European Union** has such a system in place that aims to protect the public by regulating the placement and use of dangerous substances on the Community market, including by importation. The list of covered substances is regularly up-dated to take account for technical progress.[26] The European Union also applies the international notification and prior informed consent (PIC) procedure established by the United Nations Environment Programme (UNEP) and the Food and Agriculture Organization (FAO).

55. Prohibitions for environmental and health and safety reason are done either unilaterally and also often under **multilateral agreements** or conventions. The following multilateral agreements are most often cited as justifications for import prohibitions:

- Convention on International Trade in Endangered Species of Wild Fauna and Flora
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal
- Stockholm Convention on Persistent Organic Pollutants
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade
- Montreal Protocol on Substances that Deplete the Ozone Layer CFCs and other ozone-depleting substances

[26] Council Directive 76/769/EEC, as amended.

Box 1. The WTO consistency of MEAs

The relationship between the WTO Agreements and trade measures pursuant to Multilateral Environmental Agreements (MEAs) is an issue that is currently debated within the WTO. According to the WTO, out of over 200 MEAs in existence only twenty contain provisions that concern trade. Some of these MEA-related trade measures are quantitative import restrictions.

As described by the WTO, "WTO Members have basically agreed to clarify the legal relationship between WTO rules and MEAs, rather than leaving the matter to the WTO's dispute settlement body to resolve in individual cases (in the event of the lodging of a formal dispute). However, they have explicitly stated that the negotiations should be limited to defining how WTO rules apply to WTO Members that are party to an MEA. In other words, they should not venture into their applicability between a party and a non-party to an MEA. The reason for this limitation is that while WTO Members were willing to let the negotiations define the relationship between WTO rules and MEAs they have joined, they were not ready to let them alter their WTO rights and obligations vis-à-vis MEAs they were not part of. Moreover, paragraph 32 of the Doha Ministerial Declaration carefully circumscribed the negotiations under paragraph 31(i) and (ii): 'The outcome of the negotiations carried out under paragraph 31(i) and (ii) shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of Members under existing WTO agreements, in particular the SPS Agreement, nor alter the balance of these rights and obligations, and will take into account the needs of developing and least-developed countries. "

Source: WTO, *Environment backgrounder: the relationship between MEAs and the WTO, The Doha negotiating mandate on MEAs*, (http://www.wto.org/english/tratop_e/envir_e/envir_backgrnd_e/c5s3_e.htm)

Table 5. References to import prohibitions in important MEAs

Name of the MEA:	**References to prohibitions:**
International Plant Protection Convention	Parties might prohibit the importation of particular plants or plant products with the aim to the spread and introduction of pests of plants and plant products
International Convention for the Conservation of Atlantic Tunas	Recommendations can call for the to introduction of non-discriminatory trade restrictive measures, consistent with their international obligations, with respect to subject species
Convention on International Trade in Endangered Species of Wild Fauna and Flora	Can prohibit commercial international trade in selected specimens
Montreal protocol on Substances that Deplete the Ozone Layer	Ban on the importation of certain controlled substances
Basel Convention on the Control of Transboundary Movements of hazardous Wastes and their Disposal	Parties can exercise the right to prohibit the importation of hazardous wastes or other wastes
Stockholm Convention on Persistent Organic Pollutants	Parties prohibit the imports of listed chemicals

Source: WTO, *Matrix on Trade Measures Pursuant to Selected Multilateral Environmental Agreements*, WT/CTE/W/160/Rev.2TN/TE/S/5, 25 April 2003

56. Prohibitions are also sometimes applied to achieve **foreign policy objectives**. This can take place unilaterally or pursuant to multilateral agreements such as the United Nations Security Council Resolutions. Mostly developed countries also apply bans on goods for humanitarian reasons. For example, goods manufactured by prison labour, forced labour or child labour are prohibited to be imported to the **United States**. Another example is a recent **EU** legislation that bans both the sale and import of cosmetic products containing ingredients that have been tested on animals. The ban on most categories will take effect in 2009.. The transitional periods are needed to allow companies to develop alternative testing procedures.

57. A fairly large number of countries also ban goods in order to **safeguard public morality**. The trade reviews reveal some variations among countries concerning which goods are prohibited on the ground of safeguarding public morality. For example many Muslim countries impose bans on cultural or religious grounds on a wider variety of goods than other countries. (E.g. Indonesia, Malaysia, Bahrain, Mauritania, Maldives, Algeria, etc.) They prohibit the importation of materials offensive to Islam, and ban or very severely restrict the import of alcohol and spirits, and pigs and pork meat. There is also a small group of countries that ban the importation of gambling instruments for the reason to protect public morals – Turkey, Thailand, Salvador, Pakistan, and China.

58. The trade policy reports examined by the Secretariat indicate that the number of products affected by prohibitions applied on non-economic grounds, especially environmental and health and safety reasons, have been on the rise in recent years. However, to date, it appears that these products do not represent a large share in international trade and also the WTO conformity of these measures is usually not questioned. The import prohibitions placed on used goods appear to form an exception to this observation, as it will be discussed in more detail below. A more detailed examination of whether the same prohibitions apply to domestic products would reveal information about the legitimacy of the prohibitions apply to these products. However, the data available for this study do not permit such assessments.

Import prohibitions affecting used goods

59. On closer examination, quantitative restrictions, especially prohibitions, play an important role in the international trade of used consumer or capital goods (such as used clothing, equipment, and vehicles) as many countries design their trade policies to discriminate against importation of second-hand goods. It is a potentially interesting market with opportunities for trade, which however are not well documented and where import restrictions tend to vary by product and by country of destination.

60. Many countries restrict the importation of used goods. For approximately one third of the countries that were reviewed, the TPRs report some kind of prohibitions of the importation of certain types of used products. The frequency of these and other types of trade restrictions in these areas is further underlined by the fact that the EU Market Access Database, which is assembled based on input from the business community, reports a very high number of instances where the importation of used goods is prohibited, primarily automobiles. A similar picture emerges from a review of other sources of information. 61. In fact, it has been noted that used goods are an overlooked exception to the widespread liberalisation of trade that has occurred in recent times.[27]

[27] Danilo Pelletiere and Kenneth A. Reinert, *Used automobile protection and trade: Gravity and ordered probit analysis*, School of Public Policy, George Mason University, Washington, D.C. 25 August 2003.

Products affected by restrictions

62. Based on the review of TPRs and other reports, it appears that the used goods that are most commonly affected by QRs are: *automotives and parts, machinery, cloth, and medical devices*.

63. The measures applied are very often import prohibitions. These can be absolute bans or prohibitions under defined conditions. With respect to motor vehicles, for example, relevant criteria include age, environmental standards, etc. As mentioned in reports, some countries also use strict NAL that amount to de facto prohibitions.

64. These trade restrictions are most common among developing countries; however, developed countries at times also discriminate against used products. A large number of countries in Latin America, Africa, and Asia do not allow importation of certain used goods. Among them there are several countries with large markets, such as Brazil, China and India, which operate strict import regimes with respect to the used-goods market involving prohibitions of a wide variety of products.

Table 6. Incidence of import prohibitions on used products.

	Motor Vehicles	**Tires**	**Clothes**	**Machinery**	**Electric Appliances**	**Medical Equipment**
Argentina		x	x			x
Bolivia	x					
Brazil	x		x	x		
Brunei	x					
Canada	x					
Chile	x					
Dominican Rep.	x		x		x	
Ecuador	x	x	x			
Egypt	x					
Ghana	x					
India	x					
Israel			x			
Maldives	x					
Mozambique		x	x			
Nicaragua	x					
Nigeria	x				x(1)	
Pakistan				x		
Peru	x	x	x			
Salvador	x					
Sri Lanka				x		
Tanzania			x			
Thailand	x					
Venezuela	x	x	x			

(1) Refrigerators, air conditioners, compressors

Source: compiled from WTO Trade Policy Reviews, 1999 - 2004, EU MAD database (as of 2004), and USTR reports (2003).

Justifications for the measures

65. The justifications governments give for the bans relate predominantly to health, safety and the protection of the environment. However, the available literature suggests that economic motivations also play a role. The reason for these policies is a combination of a desire to protect domestic producers (or distributors) of new goods from competition from low-priced second-hand or remanufactured goods, an attempt to avoid becoming a "dumping-ground" for cast-offs from high-income countries, and an attempt to push industries toward the "technological frontier" and avoid the use of "obsolete" technologies.[28]

66. Anecdotal evidence and local press reports for example shed some light on how demands from the local textile industry have led to export bans of used cloth in several African countries. Furthermore, empirical research focusing on Latin American trade policies finds that quantitative restrictions on used automobiles are largely the result of pressure from domestic carmakers and distributors of new cars.[29]

The case of motor vehicles and parts

67. Statistical data on the size of the global market and on trade flows for used motor vehicles are scarce. Assuming that the average car has four owners over its lifespan, the used-car market clearly is much bigger than the new-car market. Dominating used-car exports, Japan was expected to have shipped abroad a record $1 million worth of used vehicles in 2003. The data compiled in Table 7 are from various news and other reports and are only intended to give, for some countries, only a rough idea of the volume of used cars imported and the significance of the used car market. Because growth of increasingly saturated developed-country markets is diminishing, there is growing interest in market access abroad.[30]

Table 7. Imports of used cars in selected countries

Country	Year	Cars imported	% of total market
Australia	1999	25.000	-
Bulgaria	2001	120.000	90
Czech Republic	1999	145.000	42
Cyprus	2000	10.000	60
Estonia	2000	12.000	35
Kenya	1999	30.000	-
New Zealand	2000	116.000	70
Philippines	2001	50.000	39
Poland	1999	2000.000	20
Russia	2001	360.000	80
United Kingdom	1998	60.000	-

Source: adapted from: Sofronis K. Clerides, *The Welfare Effects of Trade Liberalisation: Evidence from Used Automobile*s. University of Cyprus &Yale University, April 2003.

[28] See Giorgio Barba Navaretti, Isidro Soloaga and Wendy Takacs, **When Vintage Technology Makes Sense: matching Imports to Skills**, World Bank, Washington 1998. Pelletiere and Reinert analysed data on used car import restrictions in a large number of countries and found that the existence of a domestic industry is an important predictors of a restrictive policy.

[29] See Pelletiere and Reinert (2002), op. cit.

[30] "How Japan's second-hand cars make their way to Third Word", *The Wall Street Journal*, 8 January 2004.

68. The data sources reviewed for this study indicate that international trade in **used motor vehicles** is particularly often subject to QRs. The types of measures used are most commonly prohibitions with narrowly defined exceptions under certain conditions. In addition, some countries use NAL or heavy tariffs to discourage import, but the use of prohibitions is high compared to the use of other methods. Where conditions are used to define whether motor vehicles can be imported or not, these often relate to maximum age restrictions that usually vary between three to five years. Many countries apply restrictions only for certain types of vehicles, such as for passenger cars, motorcycles, trucks, minivan and buses above or below certain size.

69. One third of the countries that had TPRs in the last five years placed some kind of prohibitions on the import of second-hand vehicles. These are not sales bans but bans discriminating against imported vehicles. Domestic used vehicles can be sold in the local market.

70. The use of prohibitions is highest among Latin American countries,[31] and African countries. They are used by some Asian countries as well. Several Central European countries (e.g. Czech Republic, Hungary) also prohibited the importation of cars above a certain age in the 1990s. However, these bans have been replaced a duty system based on environmental and safety attributes is the most common measure used. Environmental and health and safety reasons are the most commonly given explanations for the use of prohibitions.

71. Many predominantly developing countries also restrict the import of **used or remanufactured/rebuilt vehicle parts.**[32] Especially countries in Latin America prohibit the importation of these goods outright. Some illustrative examples of the import restrictions affecting these products are given in Box 2.

72. In many developing countries there is a large market for used automotive spare parts because there is a tendency to overextend the useful life of the vehicles to avoid purchasing a new one. An increasing population in the major cities and low income are factors that are boosting the demand for used vehicles as well as remanufactured, rebuilt, and/or used motor vehicle parts. On the other hand, a high percentage of new vehicles on the road and ample supply of low-cost new parts tends to slow the development of a used parts market.

73. Another factor boosting demand for used goods is trade liberalisation. This is illustrated by the case of Jamaica, which liberalised its automobile sector in 1993. Since then, the number of used car imports has grown rapidly. Whereas in 1993, approximately 12,000 of the 19,000 vehicles imported were new, one year later, in 1994, only 6,000 of the 26,000 motor vehicles imported were new. This trend continued through to 1998 when the market for imported automobiles began to show signs of saturation. [33]

[31] The high incidence of non-tariff measures on vehicle imports in Latin America is confirmed by the following article: Pelletiere, D. and K.A. Reinert (2002), "The Political Economy of Used Automobile Protection in Latin America", *The World Economy*, Vol. 25, No. 7, pp. 1019-1037.

[32]. Used parts usually refer to parts which have been removed from a vehicle and no additional value added has been performed with the exception of cleaning. By comparison, remanufactured or rebuilt parts are motor vehicle parts which have been fully reconditioned to original factory specifications. However, in practical terms, countries often treat remanufactured or rebuilt parts as 'used'. The market for remanufactured automotive parts has been estimated to represent $60-70 billion in sales worldwide. U.S. Department of Commerce, Office of Automotive Affairs, International Trade Administration. *Compilation of Foreign Remanufacturing Parts Import Restrictions*, October 1999. 88.

[33] Ibid., 43.

Box 2. Import restrictions affecting remanufactured/rebuilt vehicle parts.

In **Brazil**, imports of remanufactured parts are only authorised when the remanufacturing is performed by the original manufacturer. Remanufactured and rebuilt parts are considered to be used parts.

In **Chile**, importation of used vehicles is prohibited but importation of remanufactured, rebuilt and used motor vehicle parts is allowed. However, customs authorities are concerned that imported parts would be used to assemble used cars, or significant portions of used cars, and these types of goods are generally closely scrutinised at the customs.

In **China**, importation of used car parts is banned. In rare cases, e.g. concerning parts for antique cars, special import permissions may be given and the importer must submit a petition describing the proposed use and reason for importation.

In **Israel**, imports of remanufactured, rebuilt and used motor vehicle parts are limited and authorised by the Ministry of Transportation (MOT) on a case by case basis. For critical automotive systems components such as steering and braking systems, the MOT only authorises imports of new parts and these parts must be imported from a pre-authorised manufacturer.

In **South Africa**, the importation of remanufactured, rebuilt or used motor vehicle parts is limited to gasoline engines > 3,000 cc, diesel engines > 3,500 cc, transmissions for motor vehicles and micro buses, and any other motor vehicle part not originally manufactured in South Africa. All these parts are assessed on a case by case basis by the Department of Trade and Industry.

In the **United Arab Emirates**, importation of reconditioned and used auto parts is prohibited unless they are reconditioned by the original manufacturer. The reseller is prohibited to claim that the part is the same as an original part and there is no difference in the treatment between remanufactured and used auto parts.

Source: U.S. Department of Commerce, Office of Automotive Affairs, International Trade Administration. *Compilation of Foreign Remanufacturing Parts Import Restrictions*, October 1999.

74. Exporters of these goods face bans or other QRs predominantly in developing countries. Restrictions were reported only for two of twenty OECD countries that were included in a 1999 survey of trade restrictions affecting market access for motor vehicle parts, and only in one case this was an import ban.[34]

75. Tires also are products belonging to the category of motor vehicle and parts goods that fall under import bans in relatively many countries. These are mostly found in the Latin American region and in Africa. In most cases the ban is unconditional and justified by safety and environmental reasons.

Other sectors

76. Prohibitions on the importation of used **clothing** are also common. World exports in worn clothing amounted to $990 million in 2001, a small fraction of the export of new clothing, valued at $146 billion of new clothing, but this comparison is somewhat misleading because one has to take into account that the value of worn clothing is very small (about $0.73 per kilogram).[35] In this area, import prohibitions

[34] Pelletiere, D. and K.A. Reinert (2002), op. cit.

[35] Source: United Nations COMTRADE database

exist mostly in African countries and in some low-income Asian (but also in China) and Latin American countries. Bans are usually unconditional and are justified by health and sanitary reasons. Some countries (e.g. South Africa) permit the entry of used clothing only if these are humanitarian donations.

77. Several countries impose conditional bans on the importation of used **machinery,** for safety and environmental reasons. This is the case mainly in some Asian and Latin American countries. Unconditional bans are rare; instead, most countries impose requirements mandating that the goods in question have to meet strict technical standards.

78. Finally, reports document that some countries adopt the policy of barring the importation of certain other categories of products, such as used medical devices (where China, Egypt, Kuwait, Syria and Thailand reportedly employ total bans),[36] electronic appliances (Dominican Republic), refrigerators, air conditioners, and compressors (Nigeria).

79. It appears that there is some momentum and progress towards abandoning outright bans and prohibitions, at least where bilateral or regional free trade agreements (RTAs) are concerned. A cursory review of some of the major RTAs reveals that some of these agreements address the issue of trade of used goods.

80. For example, under NAFTA, Mexico agreed that in 2009 it will begin a 10-year phase out of the embargo on used vehicles (light vehicles, buses and heavy trucks) that meet the NAFTA rules of origin. This means that the ban will be fully abolished by 2019. [37] As a result of the EU-Mexico FTA, the European Union will have the same benefits in terms of market access for used vehicles as the United States and Canada have under NAFTA, provided the vehicles meet the Mexico-EU rules of origin.[38]

81. However, there are also cases where RTAs do not provide for any liberalisation of this market. For example, MERCOSUR and the US-Chile FTA include indefinite bans on used cars. [39]

82. The extensive import restrictions affecting international trade in used goods raise a number of questions that are of potential interest to policymakers and negotiators.

83. Why are used goods treated differently from new goods in situations where risks relating to safety, health or environmental protection are arising from new and used goods alike? In many circumstances where domestic regulatory goals are at issue, used items should probably be treated in the same way as new ones as far as policy is concerned. Regulations for importation of used goods should

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[36] According to a report on Global Import Regulations for Pre-Owned (Used and Refurbished) Medical Devices, prepared in 2002 by the U.S. Department of Commerce. The research reviewed the available information on import regulations for pre-owned medical devices for 99 markets. Of these 99 markets, 78 markets appeared to permit the unrestricted importation of used or refurbished medical equipment. However, for several of these markets, the paper notes that it may be safer to say that there are no reported restrictions, since available reports either do not mention restrictions, or simply indicate that authorities permits the importation of used equipment generally without a specific reference to medical devices. The countries that impose restrictions of various severity are Argentina, Brazil, Canada, Columbia, Croatia, India, Japan, South Korea, Moldova, Pakistan, Peru, South Africa, Turkey, Uzbekistan, and Vietnam. The five countries that impose ban are China, Syria, Egypt, Thailand and Kuwait.

[37] Free Trade Area of the Americas (FTAA): Key automotive markets and issues, May 9, 2002 version, ITA, US Department of Commerce, May 9, 2002, p. 55. http://www.ita.doc.gov/td/auto/FTAAAuto.pdf

[38] Ibid., 56

[39] Automotive Provisions Report, Office of Automotive Affairs, ITA, US Department of Commerce, available at http://www/ita.doc.gov/auto,

thus be the same as those for new goods. For example, where safety is at issue, importation of new and used goods could be allowed subject to the same requirement for meeting certain standards.

84. Even if there are valid reasons for distinguishing between new and used goods (for example, because used goods usually carry no warranty, or a reduced warranty) the question can be raised whether a prohibition of importation of used goods is warranted if the policy goal can be reached by other less trade-restrictive means. The older (used) or remanufactured items could simply come in for careful scrutiny to determine whether it conforms to the various environmental, safety and other standards. Inspection and certification against standard, and if necessary, use of import permits, are less trade-restrictive options that are available and that some countries have already adopted.

85. The environmental protection rationale for banning used goods may deserve greater scrutiny. The recycling of products and long life cycles for certain products, such as clothing and auto parts, appear to be in the interest of good environmental policy. For example, in Japan the government and environmental groups are reported to emphasize to Japanese consumers and the public their responsibility for saving natural resources and are making them aware of the advantages of using remanufactured or used parts versus new parts.

86. An argument used for restricting the importation of used goods is that trade in such goods is more susceptible to fraud. However, import bans and other QRs have similar disadvantages. For example they encourage the operation of a parallel market that escapes regulatory oversight.

Other types of quantitative restrictions

87. As part of this research, the incidence of references to three other types of measures that are listed as quantitative restrictions by the WTO, namely "**quantitative restrictions made effective through state trading operations", "mixing regulations"** and **"minimum price triggering a quantitative restriction**" was also examined. It was found that references to these measures are significantly less common than to other types of QR, such as automatic and non-automatic licensing, prohibitions and quotas.

88. **Minimum price triggering a quantitative restriction** was not mentioned in the trade reports and databases that were researched for this paper.

89. **State trading enterprises,** as defined by the WTO, are "governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and/or import."[40] Article XVII of the GATT 1994 is the principal provision dealing with state trading enterprises and their operations. It instructs that Members are to notify their state trading enterprises to the WTO annually.[41]

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[40] WTO, The regulation of State Trading System under the WTO System, available at http://www.wto.org/english/tratop_e/statra_e/statrad.htm

[41] The research conducted with the overview of WTO and national reviews revealed that several, mostly developing countries, have state trading systems at place that cover a wide range of products. Among large WTO members, for example, China, India, Pakistan and Indonesia are countries where the state participates in a wide-range of trading activities. The products involved are most often basic agricultural goods, such as rice, grain, sugar, salt, cotton etc. and some countries also make the exportation industrial goods and raw materials (most commonly fuels, fertilizers, steel products, military equipment, etc,) only through state enterprises. For example, in Indonesia exclusive import rights are maintained by the State in case of a great number of products, e.g. alcoholic beverages, sugar, textile cloth certain steel products, etc. Many developed countries also have a certain sectors or product categories that fall under state trading operations. For example, in Japan, state trading involves several agricultural products. In Korea different agricultural and steel products and also some services fall under state trading operations. At the same time, several

90. State trading operations raise a wide range of issues, the use of quantitative restrictions being only one of them. The WTO rules intend to ensure that state trading enterprises are not used to implement WTO inconsistent measures. The substantive obligations of Members under the rules governing state trading are the following: non-discrimination, commonly referred to as "most favoured nation" or "MFN" treatment; no quantitative restrictions; preservation of the value of tariff concessions; and transparency.[42]

91. The examination of TPRs and other sources revealed that competition issues (monopoly situations), transparency issues, rent-seeking, and discrimination are the most often mentioned concerns regarding state trading regimes. The overview of data sources showed that references to the existence of quantitative restrictions as part of state trading operations are very rare. The few exceptions are:

- In **Gabon**, the company that has the sugar monopoly applies prohibition on imports of sugar in all its forms.
- In **Brunei** the importation of sugar and rice are subject to import restrictions and licensing are imported directly by the government.
- In **Bangladesh**, the import of sugar and salt is usually banned except in case for shortage, and under this circumstance two state corporations are the exclusive importers.

92. **Mixing regulations** specify an amount of domestically produced goods that must be bought by an importer for given quantities of imports. Such arrangements exist in a few developing countries mainly in relation to government procurement contracts. Some examples are:

- In **Thailand**, the national law stipulates that all procurement contracts by government agencies and state enterprises that involve imports above a certain value must have a related countertrade transaction of at least one half of the procurement value.
- The **Philippines'** International Trade Corporation (PITC) encourages the inclusion of counter-purchase or offset obligations in government procurement projects worth at least US$1 million.
- The TPR review of **Israel** revealed that during the review period (1994-99), under Israeli law, every public procurement contract worth more than NIS 1.5 million must include an "industrial co-operation" clause, obliging foreign suppliers to purchase Israeli goods or services of a value equivalent to 35% of the value of the contract. Alternatively, foreign suppliers can invest in local industries.

Part IV.

Economic and trade implications of QRs

93. This section provides a short conceptual overview of the trade and economic impacts of QRs, presenting quantitative data from research that has been conducted in this area. Economic research indicates that when QRs are motivated by the desire to protect particular domestic products from competition with foreign goods, they impose costs that clearly outweigh the benefits both for the importing as well as for the exporting countries. It is widely accepted that QRs undermine trade and economic efficiency more than tariffs. The reason is that, whereas, with tariffs, resources are allocated through the price mechanisms, under quotas resources are allocated administratively by the state. Despite these

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countries have been made efforts to liberalize their state trading enterprises. For example, linked to its entry to the WTO, China has been implementing a required liberalization of trading rights of Chinese enterprises

[42] WTO, the regulation of State Trading System under the WTO System, available at http://www.wto.org/english/tratop_e/statra_e/statrad.htm

negative effects, however, governments often still rely on the use of QRs, which, although less often applied nowdays, continue to exist. From the view of the importing countries quotas may be more attractive than tariffs. The reason for this preference is that the effect of a given tariff on the volume of imports is uncertain as it depends on the domestic elasticises of demand for and supply of the product.

94. Concerning their economic effects, the first observation is that prohibitions and quotas in general exacerbate the terms of trade for exporting countries and reduce their economic welfare. At the same time quotas help a few selected exporters realize a “quota rent” or higher profit due to higher prices that they can receive for their products. As described in Box 3, the way in which the government administers the quota determines the recipient of the quota rents.

95. Second, quantitative restrictions create an import substitution effect that harms consumers in the importing countries. The policy-induced scarcity of imports inevitably raises the price of the good on the domestic market to the maximum amount consumers are willing to pay. Consumers, including downstream industries, bear the economic cost of losing access to lower-priced competitive products, facing less product choice and higher product prices. A further loss of welfare comes from the fact that in contrast to tariffs, prohibitions and, at times, quotas generate no revenues for the government.[43]

Box 3. The effects of different types of quota allocations

The method of administering a quota can make a great deal of difference as to its effects. The method of administration that most economists would prefer, but which governments only occasionally use, involves the auctioning of quotas. This method of administering the quota comes close to replicating a tariff equal to the price of the license, since it not only raises the domestic price above the world price, but also allows the government to acquire the price difference (quota rent) as revenue.

A second way of administering a quota is to allocate the rights to import fixed amounts free of charge among importing firms. Once the allocation is made, the firms receive the price difference between the domestic and world markets as a pure rent. If the allocation is made among a sufficiently large number of firms, then they will still compete among themselves on the domestic market and will end up charging a single competitive price. But that price will be enough above the world price to clear the domestic market. The situation is again analogous to a tariff, though here the "revenues" from the NTB, or quota rents, accrue to the firms who were allocated the rights to import.

If the allocation is made on a political basis, for example, then potential importing firms will have an incentive to spend resources in competing for these rents, for example, to bid for licenses in the political market, by lobbying or whatever other mechanism is acceptable in the country. If the allocation is made on economic grounds, then there is an incentive for firms to distort the behaviour that is to be used as an indicator. For example, if allocations are to be based on firm size as measured by the book value of capital stocks, then the quota rents become part of their return to capital, and firms have an incentive to overinvest. Or if allocations are on the basis of domestic sales, and if firms have access to a domestic source of supply, then they will expand their domestic supplies beyond even what would be indicated by the elevated domestic price in order to capture more of the quota rents.

Source: Alan V. Deardorff and Robert M. Stern, *Measurement of Non-tariff Barriers*, Economics Department Working Paper, No. 179, OECD, 1997, 21-25.

[43] It is also common to have both a tariff and a quota on a given good, so that a tariff is paid on units of the good that are admitted under the quota.

96. Third, in the short run, domestic industries whose products are protected may benefit from the restrictions, as they can avoid foreign competition thus can secure market share, increase their profit and secure employment. However over the mid and long term, QRs have a detrimental impact on industry — they discourage companies from working to enhance their productivity, which they would have been required to do if exposed to competition in the marketplace. Domestic industries shielded from foreign competition by way of QRs are likely to become or remain inefficient and fail to achieve or maintain export competitiveness in the long run. Unless QRs are clearly designated as temporary measures contingent upon efforts to modernise or adjust and make sufficient productivity gains, while the QRs are in place, they have a high potential to impair development of the industry and to harm the economic interests of the country imposing the restrictions.[44]

97. Finally, from a global perspective, quotas also cause a distortion to resource allocation. Invariably, quotas are discriminatory, as they are imposed on imports from a particular source. Very often, the sources are the world's lowest costs suppliers of the product. Therefore, not only do they reduce the volume of trade, but they also divert trade and hence production from a low- to a high cost source.

Concluding remarks

98. The limited availability and inconsistent quality of data acts as a constraint on the insights which one hopes to gain from a review of the TPRs and some other research into the pattern of use of prohibitions and quotas and renders the conclusions tentative.

99. The difficulty in obtaining comprehensive and detailed information partly arises from the fact that the WTO notification system does not appear to perform well in this area. First, only a limited number of countries have submitted notifications and the details provided by notifying countries and access to this information are limited. Second, the TPRs themselves draw attention to the difficulties of obtaining reliable data from national authorities. Third, any investigation of QRs is made difficult by the tendency of such measures to change rapidly, probably more so than other types of NTBs.

100. It is apparent that the level of transparency of quantitative restriction measures is low compared to many other aspects of the trade regime that have come under multilateral disciplines. For this reason, it would be beneficial to exploring ways of strengthening rules and implementation with respect to the WTO's notification system in this area.

101. In general, a declining trend can be observed in the application of quotas and prohibitions for economic reasons. The use of such measures for BOP as well as for industry protection reasons has diminished. Most importantly, several large developing countries, notably China, India, Bangladesh and Indonesia, have been progressively reducing the scope of these measures in recent years. Motor vehicles, textiles and electrical equipments are most commonly affected by these restrictions. International agreement on textiles and clothing will also lead to the abolition of trade restrictions in this sector that is currently the last remaining industry significantly affected by quota restrictions.

102. At the same time, the number of prohibitions for non-economic reasons, especially on grounds of protecting the environment and human safety and health, are present in virtually every country and also seem to be on the rise. The incidence of such measures seems to be increasing faster in developed countries

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[44] On the limitations of the use of QRs for infant industry protection and the rent-seeking effects see, for example, A. O. Krueger, "The political economy of the rent seeking society", *American Economic .Review*, Vol. 64, No. 3, June 1974. Furthermore, Bhagwati argues that the use of fiscal and monetary instruments is superior to trade restrictions and exchange control measures in addressing balance-of-payments difficulties. See Jagdish N. Bhagwati, *The New International Economic Order: the north-south debate*, Cambridge, Mass. : MIT Press, 1978.

that typically have well-developed regimes of social regulations. Prohibitions play an especially important role in the trade of used consumer and capital goods. Bans restrict particularly the import of used cars, car parts, cloth and machinery from developing to developed countries. The circumstances of these bans appear at times unclear and, by raising certain policy issues, mark an area that would perhaps merit further investigation and possibly consideration in the context of the NAMA negotiations.

103. When applied for non-economic reasons, an import prohibition is a chosen policy solution that is used to ensure that different societal regulatory objectives are met. It is important to recognize countries' regulatory sovereignty, their right to set and pursue regulatory objectives of their choice. At the same time, countries should take into consideration the principles of good regulatory practice, developed and promoted by the OECD. The principles provide recommendations for governments on how to create regulations that efficiently meet their policy objectives but at the same time are supportive of market openness. In the case of prohibitions governments should carefully consider whether import bans are the best regulatory solutions or whether there are policy alternatives that can deliver the primary regulatory objective with a less distorting effect on the economy or other societal goals.

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ANNEX 1.

NOTIFICATIONS OF QUANTITATIVE RESTRICTIONS

Note by the WTO Secretariat[45] **G/MA/NTM/QR/3**25 March 2004

1. The Decision on Notification Procedures for Quantitative Restrictions, adopted by the Council for Trade in Goods (G/L/59) provides that "Members shall make complete notifications of the quantitative restrictions which they maintain by 31 January 1996 and at two-yearly intervals thereafter[46], and shall notify changes to their quantitative restrictions as and when these changes occur". Members which have made, under other WTO provisions, notifications of quantitative restrictions which fulfil the requirements for quantitative restriction notifications under the 1984 and 1985 decisions and which are up-to-date, shall notify the fact to the Secretariat. These notifications will be stored in the new database of quantitative restrictions.

2. This document has been prepared by the Secretariat pursuant to this Decision according to which "the Secretariat shall publish periodically a document listing the WTO Members having made a notification." Such a list is provided hereunder along with the years in which the notifications were made.

3. **Since 1996, notifications of quantitative restrictions have been received from the following Members**: Argentina (1997); Australia (1996); Bahrain Kingdom of (1997, 2000); Bulgaria (2003); Chile (1996); China (2002, 2003); Cyprus (1996); European Communities (1996, 1998, 2000, 2002); Fiji (1997); Germany-European Communities (2000); Georgia (2003); Hong Kong, China (1996, 1998, 2000, 2002); Hungary (1996, 1998, 2000, 2002); India (1996, 1997, 1998); Jamaica (1996, 1998, 2002); Japan (1998, 2000, 2002); Korea, Republic of (1997); Liechtenstein (1997, 2002); Macao, China (1996, 1999, 2001, 2003); Maldives (1999); Malta (1996, 2000); Morocco (1997, 1999, 2001, 2002); New Zealand (1996); Nigeria (2002); Norway (1996, 2000); Oman (2001, 2004); Pakistan (1997); Peru (1996, 1997); Philippines (1996); South Africa (1996); Switzerland (1997, 2001); Chinese Taipei (2002); Tunisia (1999, 2001) Turkey (1996, 1998, 2000); United States of America (1999); Venezuela (1996, 1999); Zambia (1996, 2002).

4. **Notifications of changes to their quantitative restrictions were received by the following Members:** Argentina (2002); Bahrain Kingdom of (2000); China (2003); European Communities (1998, 2000); Hong Kong, China (1996); India (1996, 1998); Jamaica (2002); Macao, China (2001, 2004); Maldives (1999); Malta (2000); Morocco (1999, 2002); Norway (2000); Peru (1997); Tunisia (2001); Turkey (1998, 2000); Zambia (1997).

[45] This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.

[46] By 31 January 1998, by 31 January 2000, by 31 January 2002, by 31 January 2004.

5. **The following Members have notified that they do not maintain quantitative restrictions:** Argentina (2002); Bolivia (1997); Brunei Darussalam (1996); Burundi (2001); Costa Rica (1998); Dominica (2001); Dominican Republic (1996); Estonia (2002); Gabon (2001); The Gambia (1997); Guatemala 1999, 2000); Guyana (2003); Haiti (1999); Honduras (1997); Iceland (1996, 2000); Jordan (2002); Kyrgyz Republic (2000); Latvia (1999); Madagascar (2001); Moldova (2002); Mongolia (2000); Myanmar (2001); Namibia (1999); Paraguay (1998); Qatar (1999); Singapore (1996); Sri Lanka (2003); Trinidad and Tobago (1998); Uganda (1996, 2000); United Arab Emirates (1996,1997, 2000); Uruguay (1996, 1999); Zambia (2002); Zimbabwe (2000, 2003).

ANNEX 2.

Environment related import prohibition and quota measures reported to the WTO in 2000 and 2001. Sources: WT/CTE/W/195; WT/CTE/EDB/1.

1. Measures notified under the Agreement on Quantitative Restrictions

Member	Measure or product	Objective
Macau, China	Prohibition for used motor cars and other motor vehicles, tractors, motorcycles, and parts and accessories	To protect the environment (among others)
	Global quota for CFCs, halons, other fully halogenated CFCs, carbon tetrachloride, methyl chloroform, bromomethane	To fulfil obligations under the Montreal Protocol
Bahrain	Prohibitions for Pakistani "Bulbul"	To preserve the local environment and birds
	Prohibitions for worked ivory	To preserve the environment
Hong Kong, China[47]	Prohibitions for endangered species of animals and plants listed in Appendix I of CITES	To fulfil obligations under CITES
	Prohibitions for chlorofluorocarbons whether existing alone or in a mixture	To fulfil obligations under the Montreal Protocol
	Global quota and non-automatic licensing for HCFCs and halogenated derivatives of acyclic hydrocarbons containing two or more different halogens	To fulfil obligations under the Montreal Protocol
Japan	Import quotas for animals and plants, and their derivatives of CITES, and controlled substances listed in the Montreal Protocol	To fulfil obligations under CITES and the Montreal Protocol
	Prohibition for used motor cars and other motor vehicles, tractors, motorcycles, and parts and accessories thereof	To protect the environment (among others)
	Global quota for CFCs, halons, other fully halogenated CFCs, carbon tetrachloride, methyl chloroform, bromomethane	To fulfil obligations under the Montreal Protocol

2. Measures notified under the TBT Agreement

Chile	Ban on mixing kerosene with other fuels and establishment of requirements for kerosene for domestic and industrial use stored, distributed and marketed	To control air pollution
Netherlands	Regulation banning the manufacture or, whether or not processed in a preparation or product, import into the Netherlands, use or the having available of 1,1 (isopropylidene)bis [3,5-dibromine-4 (2,3-dibromine propoxy) benzene]	To protect the environment
	Decree concerning exemptions from the trade ban on the preparation of certain species	To prevent the capture of game for the illegal preparation of the animals
United States	Restrictions or prohibitions on substitutes for ozone-depleting substances under the Environmental Protection Agency’s Significant New Alternatives Policy Programme	To expedite movement away from ozone-depleting compounds while avoiding a shift into substitutes posing other environmental problems

[47] This notification is issued also under the Agreement on Import Licencing (G/LIC/N/3/HKG/4).

ANNEX 3.

Information on quantitative restrictions (prohibitions, quotas and state trading) from the EU Market Access Database, available at http://mkaccdb.eu.int

Country	**Sector/product type**	**Details**
Bangladesh (2003)	Textiles and leather	Bangladesh maintains a restriction on export of raw hides and wet blue leather on the basis of its Export Policy (1997-2002). The exports of only finished leather and leather goods are permitted. According to Bangladeshi authorities the ban is in place in order to maintain adequate domestic supply and to facilitate the development of the domestic leather industry. However, the ban appears to be a clear infringement of Article XI of GATT.
Brazil (2003)	Used goods and tyres	In 2000, Brazil extended the blanket ban on the importation of used tires to cover retreated or recycled tires as well. According to the Brazilian authorities, the ban was introduced for environmental reasons. However, this does not seem to be a valid argument, since retreated tires, as a new product, are not covered by the waste definition of the Basel Convention, nor the Community Regulation on the shipment of green waste to non-OECD countries. In addition, the import ban creates a discriminatory situation between Brazilian and imported goods, because there is domestic production of retreated tires in Brazil, which can be legitimately marketed.
Brazil (2003)	Used vehicles	Imports of used cars and motorcycles are prohibited.
Canada (2001)	Used vehicles	Under the Canadian Customs Tariff (tariff item No. 9897.00.00, Memorandum D9-1-11) a prohibition on imports of used or second-hand vehicles of all kinds remains in place, except on those imported from the United States; imports of used vehicles from Mexico are to be progressively liberalized, with unlimited access planned for 2019.
Canada (2002)	textiles	Canada maintains quotas on some textiles and clothing products
China (2002)	Electronics	According to China's accession agreement to the WTO, import quotas for some electronical products (colour televisions, electronic calculators, household satellite television receivers, printers, cassette and radio recorders, clock radios, laser disk players, household video camera recorders) should be phased out by 2004 as scheduled.
China (2002)	textiles	China applies import quotas to textiles. According to WTO accession commitments, China should phase out import quotas upon accession
China (2002)	Automobiles	Until WTO accession, China applied import quotas and import licenses to automobiles. According to WTO accession obligations, China should phase out quotas on automobiles by 2005. Initial quota value should amount to 6 billions USD in 2001 with an early increase of 15%. In the first year, 25% of the quota will be allocated to new importers (i.e. 1.5 billions USD).
China (2003)	Cosmetics	China published a new regulation in March 2002 which prohibited cosmetic product imports containing certain ingredients of animal origin from 18 countries which have officially declared cases of BSE. The justification of this measure is to protect human health.

Egypt (2002)	Used vehicles	Imports of passenger cars witnessed severe restrictions in 1999. New measures limit imports to cars manufactured in the same year of importation.
Egypt (2002)	Textiles	Egypt ended its import ban in the textiles sector on fabrics on 1 January 1998 but introduced on the same date extremely burdensome labelling requirements.
India (2002)	General	Import restrictions have been maintained in India under various categories, such as those subject to non-automatic licensing, prohibited items and items importable only by government trading monopolies. Most of them take the form of Non-Automatic Licences. There were approximately 582 items in the restricted list in 2001. The list included agricultural products, chemicals, fertilisers, pharmaceuticals, metal, stones, jewellery, transmission apparatus, helicopters and aircraft, just to mention a few. Often, non-automatic licensing effectively bans or prevents competing imports of certain items from entering domestic market at commercial levels. In the EXIM policy for 2002-2007 introduced in March 2002, there was some forward movement by the removal of 63 items from the restricted list. The major products, which were freed, belong to pharmaceutical products, antibiotics, chemicals (with certain conditions), organic and inorganic compounds and gems and jewellery. Certain insecticides and pesticides (32 products falling under heading 3808) were freed provided that they were registered and not prohibited for import under Insecticides Act.
Japan (2003)	Phthalates in toys and food contact packages	The Japanese authorities notified in October 2001 the WTO their intention to restrict the use of two plasticisers: diisononyl phthalate (DINP) and di(2-ethylhexyl) phthalate (DEHP) in certain food-contact apparatus and synthetic resin toys.
Mexico (2001)	Used vehicles	Currently Mexico requires an import permit for most used vehicles made in the United States, Canada or the European Union. Permits are granted only for special purpose vehicles for which there is no relevant production in Mexico, such as ambulances and vehicles adapted for handicapped people. In practice, imports of used vehicles are prohibited in Mexico. The EU-Mexico FTA eliminates all import prohibitions or restrictions other than customs duties and taxes, whether made effective through quotas, import licenses or other measures (Art. 12). However, FTA Annex IV.6 allows Mexico to maintain import prohibitions or restrictions on nearly all used vehicles.
Mexico (2001)	Used machinery	Import licenses are required for imports of certain used machinery. The list of used machinery subject to a compulsory import permit includes automatic data processing machines, magnetic or optical readers, and machines for transcribing data onto data media in coded form. In practice, imports of used machinery are prohibited. The Free Trade Agreement between Mexico and the European Union allows Mexico to maintain prohibitions or restrictions on the importation of aforementioned used products until 31 December 2003.
Nigeria (2002)	Used products	Vehicles over 5 years old from the date of manufacturing Used refrigerators, air conditioners, compressors.
Nigeria (2002)	Textiles	Textiles containing hazardous chemicals such as chloride
Nigeria (2002)	Different goods	The Federal Executive Council on 7 January 2004 approved the following list of banned import goods in Nigeria: *Corrugated boards and curtains, Textile , Men's footwear and bags (leather and plastics), Soap and detergents , Furniture, Bicycles (assembled) , Flowers (fresh and plastic), Fresh food, Cutlasses and associated products, Toothpaste, Pencils and ball point pens, Plastic Products, Barite and bentonite, Vegetable oil , Meat products

Singapore (2001)	Chewing gum	The import of chewing gum is prohibited for public safety reasons.
Taiwan (2003)	Automobiles	Historically Taiwan has maintained import bans on passenger cars equipped with diesel engines, motorcycles of 150cc or above, and vehicles equipped with two-cycle engines. These restrictions will continue for two years after Taiwan´s accession to the WTO. The Taiwanese government lifted the restrictions on the importation of motorcycles over 150cc on July 1, 2002. However regulatory or possibly market factors have resulted in a few of these over 150cc motorcycles being in circulation.
Thailand (2001)	Automotives	The importation of 6-wheeled buses, seating over 30 persons, and that of motorcycles is prohibited in order to protect the domestic (infant) industry. These prohibitions were turned into non-automatic licensing. Moreover imports of used automotive products are prohibited on public health grounds. Imports are allowed by public sector only, or for temporary entry for re-export.
United States (2002)	Textiles and clothing	Quantitative restrictions are in place for commercial reasons in only a few sectors, notably textiles and clothing.

ANNEX 4.

Information on prohibitions and quotas derived from WTO Trade Policy Reviews completed between 1998-2004.

Australia (2002)
Prohibitions for reasons of human health, hygiene and sanitation, protection of animal and plant life, environmental conservation, and essential security, in compliance with domestic legislative/policy requirements (including revenue objectives) as well as international commitments.

Bangladesh (2000)
Prohibitions for social, religious, health, environmental, security or trade reasons.
Major categories: (i) products that require a certificate, prior permission or clearance from the relevant authorities; (ii) products that can be imported only by registered industrial consumers, including export-oriented ready-made garment, hosiery and specified textile industries operating under the bonded warehouse system[48], the pharmaceutical (allopathic) industries, and foreign exchange hotels, within the import entitlement specified in their IRCs; (iii) state trading products, including arms and ammunition, that can be imported only by the government-designated firms, and (iv) products required to meet certain conditions.

Barbados (2002)
Prohibitions to ensure national security, safeguard consumer health and morality, or to preserve domestic plant and animal life and the environment.

Bolivia (1999)
Bolivia does not use import prohibitions except for products deemed by the authorities to cause prejudice to public health, environment or morality.
Prohibited items are pharmaceuticals and drugs not registered in the country; spoiled or adulterate beverages and food products; diseased animals; plants that contain parasites and germs or declared harmful by the Ministry of Agriculture; foreign lottery bills; used string and rope; toxic and radioactive materials; advertisements imitating money or bank certificates; and postage stamps.
The import of used right-hand drive vehicles transformed to left-hand is prohibited. Refrigerating equipment and air conditioning equipment containing CFC-12 are banned.

Botswana (2003)
Prohibitions to protect health, safety, and morality.
The import of environmentally hazardous products, such as toxic or radio-active waste, is banned.

Brazil (2000)
Prohibitions to safeguard consumer health and well being, or to preserve domestic plant and animal life and the environment.
As at May 2000, no imports seemed to be subject to import quotas.

Goods imported into the Manaus Free Trade Zone were subject to quotas until 1998. Import quotas on automotive goods were eliminated on 31 December 1999. Import quotas also applied to rubber. Importation of used machinery, automobiles, clothing, and many other used consumer goods is banned.

Brunei (2001)
Import prohibitions are maintained on a small number of products, including opium, firecrackers, vaccines from Chinese Taipei, and arms and ammunition. The prohibitions are maintained for security, health, and moral reasons.
In addition, the import and manufacture of alcohol and alcohol products are restricted for religious reasons under the Customs Prohibitions and Restriction of Imports and Exports Amended Order 1990. The order, which became effective on 1 December 1990, allows imports through a licence issued by the Controller. There appears to be a "temporary" import ban on cement, while a similar "temporary" ban on roofing material was lifted recently.
Imports of used motor vehicles older than five years is banned with the aim to improve road safety.

Burundi (2003)
Over the period 1993-2000, Burundi had gradually expanded its negative list of prohibited or controlled imports, citing a foreign currency shortfall to justify the measure. In order to address the problem, a licensing system was applied until August 2002. As the peace process advanced, prohibitions were progressively lifted. Bans currently apply on items such as narcotic drugs, ivory, weapons and ammunition.

Cameroon (2001)
Prohibitions for security, public order, health, environmental, and emergency reasons.

Canada (2003, 2000)
Prohibitions to ensure national security, safeguard consumer health and morality, to implement inter-governmental arrangements, or to preserve domestic plant and animal life and the environment
The import of reprints of Canadian and British works copyrighted in Canada is banned.
Since the 1960s, tariffs on textiles and clothing have been complemented by import quotas; these are being progressively dismantled over a ten-year period until January 2005 under the WTO Agreement on Textiles and Clothing. In late 2002, about one half of the value of clothing imports entered the Canadian market under quota.
Prohibition on the import of second-hand motor vehicles less than 15 years old, except if manufactured in the United States; used or second-hand aircraft, except if imported from the United States.

Chile (2004)
Prohibitions for the protection of human health, animal and plant life, and the environment, in compliance with domestic legislation or international commitments.
Prohibition of used vehicles; according to the authorities, this is for environmental reasons.
Prohibition on the import of hazardous waste (Basle Convention) and of products containing CFC (Montreal Protocol).

Costa Rica (2001)
Banned items: ozone depleters, asbestos, arms and explosives, natural products in pharmaceutical form and tisanes, narcotics, psychotropic substances and unauthorized drugs, cosmetics, hazardous products and medications.

Dominican Republic (2002)
Prohibitions for the protection of human health, animal and plant life, the environment, and essential security interests and military reasons, in compliance with domestic legislation or international commitments.
To protect the environment, the national legislation prohibits the import of vehicles older than five years and of motorcycles within five years of manufacture and used electric household appliances and of vehicles over five tons, within 15 years of manufacture, and used clothes .

Egypt (1999)
Egypt disinvoked GATT Article XVIII:B (on trade measures taken for balance-of-payments reasons) on 30 June 1995, and made a commitment to remove its remaining conditional import prohibitions on fabrics, and on apparel and made-ups, no later than 1 January 1998 and 1 January 2002, respectively. Conditional prohibitions on the import of fabrics were lifted in 1998 and tariffied at 54%. Non-tariff barriers on all textile and clothing items are expected to be phased out by 2002, in line with Egypt's Uruguay Round commitments. Imports of second-hand goods are allowed for certain products, although in most cases permission is required from the designated Ministries.
The import of air conditioners, refrigerators and aerosol products using ozone damaging substances is prohibited as part of Egypt's participation in the Montreal Protocol on Substances that Deplete the Ozone Layer.

El Salvador (2003)
Prohibition on the import of light passenger and cargo motor vehicles in use for more than eight years and heavy passengers and cargo motor vehicles in use for more than 15 years.

European Community (2002, 2000, 1997)
A general safety requirement applies to the placement of consumable products on the Community market, except for those for which specific product regulations or standards have been established at Community or Member State level such as food products. Member States may invoke this requirement to take action in emergency situations, and Community-wide measures may be taken, at the initiative of the Commission, under the RAPEX system for non-food products. In 2000, the Commission had decided to ban the placement on the market of toys and childcare articles, intended to be placed in the mouth of children under three years of age, made of soft PVC containing certain phthalates, this Decision has been extended continuously during the period under review, most recently until 20 February 2002. For food products, the EU adopted a new instrument for food safety in February 2002 which was first used on 27 March 2002 to suspend the placing on the Community market and import of jelly confectionary containing the food additive E 425 konjac.
The placement and use of dangerous substances on the Community market, including by importation, is strictly regulated to protect the public; the list of covered substances is regularly up-dated for technical progress. Bans affecting creosote and hexachloroethane were announced, and are to be made effective on 30 June 2003. The ban on remaining uses of chrysotile asbestos, which is to be made effective by 2005, was unsuccessfully challenged by Canada under the WTO dispute settlement procedures.
Through a common system of notification and information for imports from and exports to third countries, the EU controls the trade of certain chemicals that are banned or severely restricted on account of their effects on human health and the environment; the Community applies the international notification and prior informed consent (PIC) procedure established by the United Nations Environment Programme (UNEP) and the Food and Agriculture Organization (FAO).
The EU applies regulations to trade in relation to the following MEAs: Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), International Commission for the Conservation of Atlantic Tunas (ICCAT), Basel Convention, Montreal Protocol.
As of 1 January 2002, the EU continues to maintain quotas carried over into the WTO from the longstanding Multi-Fibre Arrangement (MFA) on imports from Argentina; Brazil; Hong Kong, China;

India; Indonesia; Republic of Korea; Macao; Malaysia; Pakistan; Peru; the Philippines; Singapore; Sri Lanka (suspended); and Thailand.
With respect to China, the EU maintains quotas under the ATC carried over from the MFA, as well as other quotas (linen, silk, and ramie). With respect to the former, the timetable for the elimination of quotas by 1 January 2005 is presumed to apply. The EU also maintains quotas on imports from Belarus, Uzbekistan and Vietnam under bilateral agreements. The EU applies quantitative restrictions on an autonomous basis on imports from the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Democratic People's Republic of Korea.
Quotas are applied on imports from China of footwear, tableware and kitchenware (ceramic, porcelain and china), as well as surveillance on certain products. Upon the accession of China to the WTO, the EU made the commitment to progressively liberalize the quotas and remove them by 2005.
The EU maintains quotas on certain steel products imported from Kazakhstan, the Russian Federation, and the Ukraine, and maintains surveillance on imports of certain steel products from these origins.

Gabon (2001)
Control measures applied to pesticides and industrial chemicals in accordance the PIC schedule (prior information and consent principle) of the United Nations Environment Programme (UNEP) and the United Nations Food and Agriculture Organization (FAO).

Gambia (2004)
Prohibitions of counterfeit or non-standard coins or currency notes, indecent articles and pornography, firearms that are not properly licensed, narcotic drugs, handcuffs, rough or uncut diamonds, certain types of noxious gases, and books, newspapers or any other matter whatsoever which are seditious, scandalizing or demoralizing.
Participation in CITES has led to the prohibition of imports of ivory and articles of ivory, wild animal skins, including snake skins, and articles made from them, and shells.

Ghana (2001)
Prohibitions to protect human health and national security, such as restrictions on imports of obscene articles, dangerous weapons, contaminated food or infected animal carcasses.
Import of motor vehicles, including trucks, lorries, and buses, older than ten years was banned in 2000. Previously, imported over-age motor vehicles were subject to a penalty tariff.

Guatemala (2002)
Prohibitions for the protection of human health, animal and plant life, the environment, or essential security interests and military reasons, in compliance with domestic legislation or international commitments. Guatemala's import prohibitions apply equally to all its trading partners.
Human or animal wastes, treated or untreated, are prohibited. Products containing CFC products not freely and legally marketed in their country of origin are prohibited.

Guyana (2003)
Prohibitions on the import of counterfeit or substandard coins; food unfit for consumption; indecent articles; and matches containing white and yellow phosphorus.

Haiti (2003)
Prohibitions for reasons of health, security or morality. The product list includes brochures, printed matter or films of a pornographic nature; military tanks and armoured vehicles and parts thereof, boats arms and ammunition not intended for the Government; narcotics; and equipment to be used to manufacture or print counterfeit currency or securities.
Haiti is not party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) but according to the authorities, it applies the CITES directives.

Honduras (2003)
Prohibitions on grounds of health, safety, public morality or environmental protection. Banned products include e.g. drugs, narcotics, psychotropics and pornography.

Hong Kong, China (2002)
Prohibitions to ensure security, protect the environment and public heath, and comply with international obligations, including the United Nations Security Council's resolutions and international conventions, such as the Basel Convention, the Montreal Protocol, and CITES.
In general, imports of all ozone-depleting substances (ODS), are prohibited. However, as of 1 January 1995 and 1 January 1996, respectively, imports of methyl bromide and HCFCs originating in a country that is party to the Montreal Protocol are allowed, for local consumption only (i.e. not for re-export).

Iceland (2000)
Prohibitions of narcotics and dangerous drugs, various weapons, and imports of ozone-depleting substances other than hydrochloro-fluorocarbons (HCFCs)

India (2002)
While most products previously restricted for balance-of-payment reasons have been de-restricted, restrictions are maintained on some products for reasons of health, security, and public morals. These include firearms, explosives and ammunition, certain medicines and drugs, and jewellery, notified by India under Articles XX and XXI of the GATT 1947
Imported second-hand motor vehicles must not be older than three years from the date of manufacture,. In addition, they must meet several technical conditions required. The authorities claim that the restrictions are maintained for consumer protection and road safety reasons. In addition, the prohibition on waste, parings and scrap plastics, was relaxed by allowing imports of these products by export-processing zones.
The importation of products protected under the Wildlife Protection Act, 1972, the Convention on International Trade in Endangered Species (CITES), and the Montreal Protocol on Substances that Deplete the Ozone Layer is also prohibited.

Indonesia (2003)
Prohibitions for reasons of public morality, public order, public security, to protect human or animal health or life, to conserve plants, to protect the environment, to protect national treasures of artistic, historical or archaeological value, to protect industrial or commercial property, to protect consumers, for reasons of product packaging, customs inspections, or control of financial transactions with other countries Import luxury cars (from February to 1 June 2000) has been banned.

Israel (1999)
Prohibitions relate to public morals, health or safety considerations.

Japan (2002, 2000)
Prohibitions apply under five categories: narcotics; revolvers and pistols; imitation currencies; books and other articles considered contrary to public security or morality; and articles infringing patents or other intellectual property rights.
Some commodities, including fish and silk yarn and certain silk fabrics, are subject to import quotas or restraints under bilateral trade agreements and arrangements, for instance with China and the Republic of Korea.

Kenya (2000)
Prohibitions for moral, health, security, and environmental reasons, and under international conventions.

Korea (2000)
Prohibitions for the protection of public morals, human health, hygiene and sanitation, animal and plant life, environmental conservation or essential security interests in compliance with domestic legislation requirements or international commitments.
Law No. 218 of 22 May 1984 prohibits the importation of human, animal, and industrial waste.

Madagascar (2001)
Prohibitions for reasons of health, security or morals, and concern products such as arms, explosives, and radioactive products. Import restrictions also apply to products considered by the Government to be strategic (e.g. vanillin and precious stones).

Malaysia (2001)
Prohibitions for moral and national security reasons. No major changes in the list of prohibited items since the last TPR review. Prohibited goods are articles bearing the imprint or reproduction of any currency note, bank note or emblems and devices for which there might be a reasonable presumption that they will be used in a manner prejudicial to or incompatible with peace, welfare or good order in Malaysia; indecent or obscene articles; cloth bearing the imprint or reproduction of any verses of the Koran; daggers and flick knives; certain broadcast receivers; certain liquors containing lead; sodium arsenite; all genus of Piranha fish; turtle eggs; cocoa pods, rambutan, pulasan, longan and namam fruits produced in the Philippines and Indonesia; pens, pencils and other articles resembling syringes; and certain poisonous chemicals.

Maldives (2003)
Prohibitions for health, safety, security, environmental and religious reasons. Banned products include arms and ammunition; alcohol and spirits; pork and its by-products; dogs; and dangerous animals; religious materials offensive to Islam, worship idols, pornographic material, narcotics, and live pigs.
Imports of used motor vehicles and cycles over five years and three years old respectively are banned for environmental reasons.

Mauritania (2002)
Prohibitions for reasons such as safety, public order and health. Prohibited items: alcohol (without government authorization); arms and ammunition; gold and rough diamonds; military equipment; warfare equipment; drugs; explosives; and counterfeit goods; distilling equipment, seeds, rough diamonds, obscene publications or films, saccharin, narcotic drugs and explosives may be authorized by an official, a ministry or a competent government office.
According to the authorities, Mauritania does not currently apply quantitative restrictions on imports in order to protect domestic production.

Mexico (2002)
Prohibitions exist on 17 tariff items for reasons of public safety, health, morality or child protection. Prohibited imports are classified under the following headings: 0301.9901, 1211.9002, 1302.1102, 1302.1902, 2833.2903, 2903.5903, 2903.5905, 2910.9001, 2925.1901, 2931.0005, 2939.1002, 3003.4001, 3003.4002, 3004.4001, 3004.4002, 4908.9005, 4911.9105. Mexico also applies import prohibitions on a number of countries as provided for in United Nations Security Council resolutions.

Morocco (2003)
Import bans or restrictions may be imposed under special legislation on the following products: narcotic drugs and psychotropic substances; weapons, parts of weapons, and ammunition, with the exception of those for the army; written or printed matter, drawings, posters, engravings, paintings, photographs, slides, or reproductions of a pornographic nature and any articles contrary to morality or likely to cause a breach of the peace.

Mozambique (2001)
Prohibitions for reasons of health, morals, or counterfeiting, including products such as pornography, narcotic drugs, and certain used automobiles older than five years. Certain products may be imported only temporarily. Other specific products that are subject to special import regulations and licensing include certain medications, arms and explosives, certain used clothes, gold, silver and platinum, certain foreign and domestic currency,.
Import of certain used clothes and certain used tires is banned.

Namibia (2003)
The importation of certain products is prohibited arising from Namibia's participation in the following multilateral agreements: the Montreal Convention on the Emission of Ozone Depleting Substances, the Vienna Convention and the London Amendment; the Basel Convention on Trade in Toxic or Hazardous Waste and the Cartagena Protocol on Biosafety.

New Zealand (2003)
A number of imports are prohibited or restricted for health and safety reasons or in compliance with international conventions to which New Zealand is party.

Nicaragua (1999)
Prohibitions for the protection of human health, animal and plant life, the environment, or essential security interests and military reasons in compliance with domestic legislation or international commitments.
Since 1995 prohibitions have been ordered against imports of alcoholic beverages, spare parts, medicinal and pharmaceutical products, paints, chemicals, kitchenware, Land Rover vehicles, and cloth fabric made by specific firms. In July 1999, 12 cases of import prohibition against parallel imports remained in force.

Norway (2000)
Prohibitions for safety or health reasons include asbestos and products containing asbestos; and products containing CFCs, halons, carbon tetrachloride, methyl chloroform and other ozone depleting substances.[49]
Import prohibitions apply to some live plants and plants that host certain diseases.

Pakistan (2002)
The number of prohibited items seems to have been reduced. In September 2000, the list contained 71 items (excluding those of general nature) under around 121 HS headings, compared with 75 in 1994 (GATT, 1995). Other changes to the negative list include the withdrawal of a number of products prohibited on commercial grounds (potatoes, certain textiles and clothing items).
The main prohibitions on commercial grounds affecting numerous textiles and clothing articles and chassis for trucks were phased-out between July 2000 and January 2001; these prohibitions were introduced for balance-of-payments reasons in 1997.
Although imports of second-hand machinery, reconditioned goods or any kind of factory rejects are prohibited, some second-hand or used goods not manufactured locally are importable subject to certain conditions[50]; imports of permissible second-hand machinery are subject to preshipment inspection, however, to ensure that the machinery has reasonable useable life. Introduction of two items on environmental grounds (waste plastics, pressure horns) on the prohibition list.

[49] In accordance with Regulation for CFCs and halons of 21 January 1991 and Regulation for carbon tetrachloride and methyl chloroform of 28 March 1995.

[50] Other exceptions include used books, magazines, journals, clothing (including footwear, travelling rugs, and blankets), certain waste, seconds and cuttings of iron and steel, stainless steel, tin sheets and plates and re-rollable scrap.

Papua New Guinea (1999)
According to authorities, the country no longer operates any prohibitions or import quotas. Import bans and quotas were previously used to encourage domestic manufacturing industries, such as canned beef, sugar, cement, vegetables, flour, batteries and canned mackerel. These import bans and quotas were removed, mainly by 1996, and converted to protective and prohibitive tariff rates, ranging mostly from 30% to 80%, with some higher rates. The authorities ban the importation of certain pesticides for agricultural use, namely DDT, Chlordane, Dieldrin and Endrin, because of environmental concerns.
As a party to the Montreal Protocol on Substances that Deplete the Ozone Layer, it also bans imports of CFCs and other ozone-depleting substances. It also belongs to the Basel Convention on Control of Transboundary Movement of Hazardous Wastes and their Disposal. Import restrictions apply on wild fauna and flora under the Convention on International Trade in Endangered Species of Fauna and Flora (CITES). These are contained in the International Trade (Fauna and Flora) Act of 1979.

Peru (2000)
Prohibitions are motivated by health and environmental protection considerations, the only exceptions are the prohibition on geographical texts or mappings that mutilate national territory (national identity) and on foreign alcoholic beverages bearing the name Pisco (protected denomination of origin).

Philippines (1999)
The authorities noted that the Import Liberalization Program has eliminated most non-tariff measures other than those maintained for reasons of health, safety, and national security. Since the previous Trade Policy Review in 1993, various restrictions have been removed: Balance-of-payments restrictions on coal and coal products in force in early 1999 appear to have been eliminated; their liberalization had been foreshadowed for end 1997.
The Philippines disinvoke Article XVIII:B subject to the liberalization of remaining balance-of-payments restrictions by 31 December 1997. In 1995 restrictions were lifted on importation of new motor vehicles and some used trucks and buses.

Romania (1999)
Prohibitions for import/export for reasons of public morality, health, protection of human life, environmental protection, and national security. The import control system currently applies to: weapons and ammunition, military equipment, spare parts, and any technical documentation or material used to manufacture such products, scrap metal and other wastes products dangerous for human health, including drugs and narcotics, or for the environment, goods under control of the final destination, for reasons related to non-proliferation of mass destruction weapons and missile carriers, as well as radioactive materials, nuclear installations and nuclear-related products.

Senegal (2003)
Prohibitions on the import of weapons and ammunition, explosives, raw diamonds not cleaved or cut, drugs and narcotics, and obscene publications. Prohibition on the import of certain second-hand vehicles has been abolished in 1996.

Singapore (2000)
Prohibitions for reasons of public health and safety, environmental protection, national security, and in accordance with international agreements and the United Nations Security Council regulations.
New prohibitions were introduced on controlled telecommunications equipment including scanning receivers and military communications equipment, and cosmetics containing prohibited substances or additives above the stipulated limit.

South Africa (2003)
The import of certain used goods is prohibited. Prohibitions on the import of waste and hazardous materials. Pesticides such as aldrin, dieldrin, mercury compounds, and certain mixtures of isomers are banned from import, while imports of others (e.g. inorganic arsenic compounds, chlordane, DDT) are severely restricted.

Sri Lanka (2004)
Prohibitions maintained for health, safety, security, environment, and moral reasons. In 2004 the maximum age limit for import of used construction machinery has been reduced from 10 years to 7 years.

Switzerland (2000)
Prohibitions apply under international conventions and for public health and safety reasons (toxic chemical substances, "ABC" weapons and antipersonnel mines).
Under the Ordinance relating to Environmentally Hazardous Substances, the manufacture, supply, import, and use of certain chemical substances are also banned on the basis of environmental protection, and/or public health and safety considerations. These include hexachlorocyclohexane, aldrin, dieldrin, endrin, heptachlor and heptachlorepoxid, isodrin, kelevan, chlodecone, telodrin, stroban, toxaphene, hexachlorobenzene, PCBs, PCTs, halogenated naphtalenes, halogenated diarylalkanes, DDT, 2,4,5-T, and PCP.

Tanzania (2000)
The restrictions currently in force are retained for reasons of health, security, or morals and concern products such as arms and ammunition, explosives, military equipment, and narcotic drugs.

Thailand (2003, 1999)
Import bans are in place to protect public morals, national security, human, animal or plant life, and health. They also include counterfeit goods and the equipment for their manufacture, marble.
Prohibition on the import of worked monumental or building stone for industry protection reason; and sacks and bags of jute or other textile, to secure farmers' income, used motorcycle and their engine for public health and safety reason; household refrigerators utilizing CFC in the production process, and glazed ceramic ware New cars and engines are under licensing, but de facto are banned.

Togo (1999)
The dismantling of quantitative restrictions on, licences for and prohibitions of imports, begun in 1989 within the framework of the structural adjustment programmes, was completed in 1995 by the abolition of the last of these measures on wheat flour, cement, concrete-reinforcing bars and galvanized sheet.
The restrictions currently in force are retained for reasons of health, security or morals and concern products such as arms and ammunition, explosives and military equipment, narcotic drugs and certain pharmaceutical products such as psychotropic drugs.

United States of America (2004, 2001, 1999)
Prohibitions to ensure national security, safeguard consumer health, protect public morals, or for environmental purposes. Restraints on imports of uranium, ammonium nitrate, and steel products have been negotiated with Russia and on imports of silicon-manganese and steel products with Ukraine.
QRs in place on imports of a number of steel products pursuant to suspension agreement following anti dumping investigations with Russia, China and Brazil.
Trade in textiles and clothing continues to be affected by import quotas applied to imports of certain products from over 40 countries.
Merchandise that can be proven to have been mined, produced or manufactured wholly or in part in any foreign country by bonded, industrialized, slave or forced labour may not enter the United States

Any wild animal or bird if captured or exported contrary to the law of the foreign country; feathers or skins of any wild bird, except for scientific and educational purposes; immoral articles; cattle, sheep, swine, and meats from any country for which the Secretary of Agriculture has determined the existence of rinderpest or foot-and-mouth disease. In order to implement the International Convention on the Conservation of Atlantic Tunas (ICCAT), imports of Atlantic Bluefin Tuna and its products in any form harvested by vessels of Panama, Honduras and Belize are prohibited.

Venezuela (2002)
Prohibitions to protect the life and health of people and animals, to preserve plant life, and to protect public morals, the environment or the country's essential security interests.
Matches may not be imported, except from certain Andean countries. Used vehicles or obsolete models for private use, along with worn clothing and second-hand tyres are also under import prohibition. The prohibition on used vehicles is intended to lay regulatory foundations for the functioning and development of the national automotive industry. An exception is made in the case of tyres imported from Andean

Zambia (2002)
Prohibitions for environmental, moral, health, and security reasons, and under international conventions. (i) false or counterfeit coins or banknotes, and any coins or banknotes that are intended for circulation in Zambia, although they are not legal tender in Zambia; (ii) any goods that are indecent, obscene or objectionable; (iii) goods manufactured or produced wholly or in part by prison labour or within or in connection with any prison, jail or penitentiary excluding *bona fide* gifts made by a prisoner for the personal use of a private individual; (iv) pirated and counterfeit goods and any goods bearing false or misleading marks or descriptions as to their origin, purpose and use..