



Committee on Market Access

**QUANTITATIVE RESTRICTIONS:
FACTUAL INFORMATION ON NOTIFICATIONS RECEIVED**

REPORT BY THE SECRETARIAT¹

1 INTRODUCTION

1.1. This report has been prepared at request of the Chairperson of the Committee on Market Access with a view to providing Members with factual information on the notifications of quantitative restrictions (QRs), which have been received as of 19 May 2015 pursuant to the "Decision on Notification Procedures for Quantitative Restrictions" (hereinafter the QR Decision).² It complements information already provided by the Secretariat in the practical guide on notifications of QRs (JOB/MA/101) and the background note on the previous Decision on notification procedures for QRs (JOB/MA/6).

1.2. Section 2 describes the different WTO sources of information on QRs and the type of information available in the QR Database. Section 3 provides factual information on the contents of the QR notifications that have been received since 2012, including: i) an overview of the QRs in force by notifying Member; ii) the trade flows affected and types of measures used; iii) the types of products affected; and iv) the legal justification mentioned by Members.

2 WTO SOURCES OF INFORMATION ON QUANTITATIVE RESTRICTIONS

2.1. Pursuant to paragraph 1 of the QR Decision, "Members shall make complete notifications of all quantitative restrictions in force by 30 September 2012 and at two yearly intervals thereafter. They should also notify changes to those quantitative restrictions as soon as possible, but not later than six months from their entry into force".³ All QR notifications received are circulated in the "G/MA/QR/N" document series and reviewed by the Committee of Market Access.

2.2. In May 2014, and as mandated by paragraph 4 of the QR Decision, the WTO launched a database on Quantitative Restrictions (hereinafter the QR database), which compiles all notifications submitted by Members under the QR Decision.⁴ This database makes available information on any notified QR, and allows users to query information according to specific selection criteria, such as product, reporting Member, type of measure, trading partner, and others. The QR database allows users to prepare different types of reports and it is updated every time a new notification is received. These data can also be accessed through the Integrated Trade Intelligence Portal (I-TIP), which provides a single entry point for information compiled by the WTO on trade policy measures.⁵

2.3. The Secretariat has taken a number of actions to raise awareness about the QR Decision and its notification requirements. These include the production of a video and the creation of a

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

² The Decision was adopted by the Council for Trade in Goods on 3 July 2012. See G/L/59/Rev.1.

³ Paragraph 1 of the QR Decision.

⁴ The QR database is public and can be accessed in the following address: <http://qr.wto.org/>.

⁵ https://www.wto.org/english/res_e/statis_e/itip_e.htm.

dedicated section on QRs in the WTO website.⁶ As part of its regular functions, the Secretariat provides information on the QR Decision and its database, and trains government officers in the context of technical assistance activities.

2.4. Members can also find relevant information on QRs in the official documents of the Committee on Market Access, such as the minutes of the meetings, the Annual Report to the Council for Trade in Goods, as well as in the yearly report prepared by the Secretariat on the status of notifications pursuant to paragraph 7 of the QR Decision (G/L/223/ series).

2.5. The Trade Policy Review (TPR) Mechanism is another useful source of information on QRs maintained by Members, and in particular Section 3 on "Trade policies and practices by measure", which provides information on import and export prohibitions and restrictions.⁷ Finally, information on QRs applied by Members can be found in the G20 and WTO-wide trade monitoring reports, which are prepared annually by the WTO Secretariat.⁸ It should, however, be noted that measures identified in the TPRs and the monitoring reports are not necessarily notified to the WTO pursuant to the QR Decision.

3 FACTUAL INFORMATION ON QR NOTIFICATIONS

3.1. The notification of QRs⁹ in force shall be based on a specific format as contained in Annex 1 of the Decision. It requires Members to provide the following information for each QR in force: i) a general description of the QR; ii) the type of restriction (based on the symbols in Annex 2); iii) the tariff line codes of the products covered, including the HS version used; iv) the detailed product description for the corresponding tariff line(s); v) the legal justification for maintaining the measure; vi) the national legal basis for the QR, including its entry into force and the date it ceased to be in force, if known; and vii) Member's comments, administration of the restriction or modification of a previously notified measure.¹⁰

3.1 Notification of QRs

3.2. As of 19 May 2015, 27 Members have submitted notifications of all QRs in force for the biennial periods 2012-2014 and 2014-2016 pursuant to paragraph 1 of the QR Decision. Only 3 Members (the European Union; Hong Kong, China; and Ukraine) have also notified changes to existing QRs. No "reverse" notification has been received to date.¹¹ The complete list of notifications received is provided in the Annex. It should be noted that, given the low number of notifications received, the summary information provided in this section is not necessarily representative of the universe of QRs being implemented by all WTO Members.

3.3. The 27 notifying Members maintain a total of 731 QRs. The calculations used in this note are based on the information contained in the latest notification submitted. It means that if a Member made its first notification for the biennial period 2012-2014, and subsequently notified the same measures for the period 2014-2016, only the latest notification has been taken into account.¹²

⁶ The video is entitled "Transparency through notifications and the database: the case of quantitative restrictions" and can be seen in the new section on QRs at https://www.wto.org/english/tratop_e/markacc_e/qr_e.htm.

⁷ http://www.wto.org/english/tratop_e/tp_r_e/tp_r_e.htm.

⁸ These reports are circulated under the WT/TPR/OV/ and WT/TPR/OV/W (mid-year reports) document series. The tables in the annexes to these reports include information on quantitative restrictions, but only when not related to TBT and SPS matters.

⁹ The term "quantitative restriction" is not clearly defined. Several legal provisions under the WTO Agreement deal with such measures, and in particular Article XI:1 of the GATT 1994 (general elimination of quantitative restrictions). For an overview of the WTO provisions addressing QRs see document JOB/MA/6.

¹⁰ Paragraph 2 of the QR Decision.

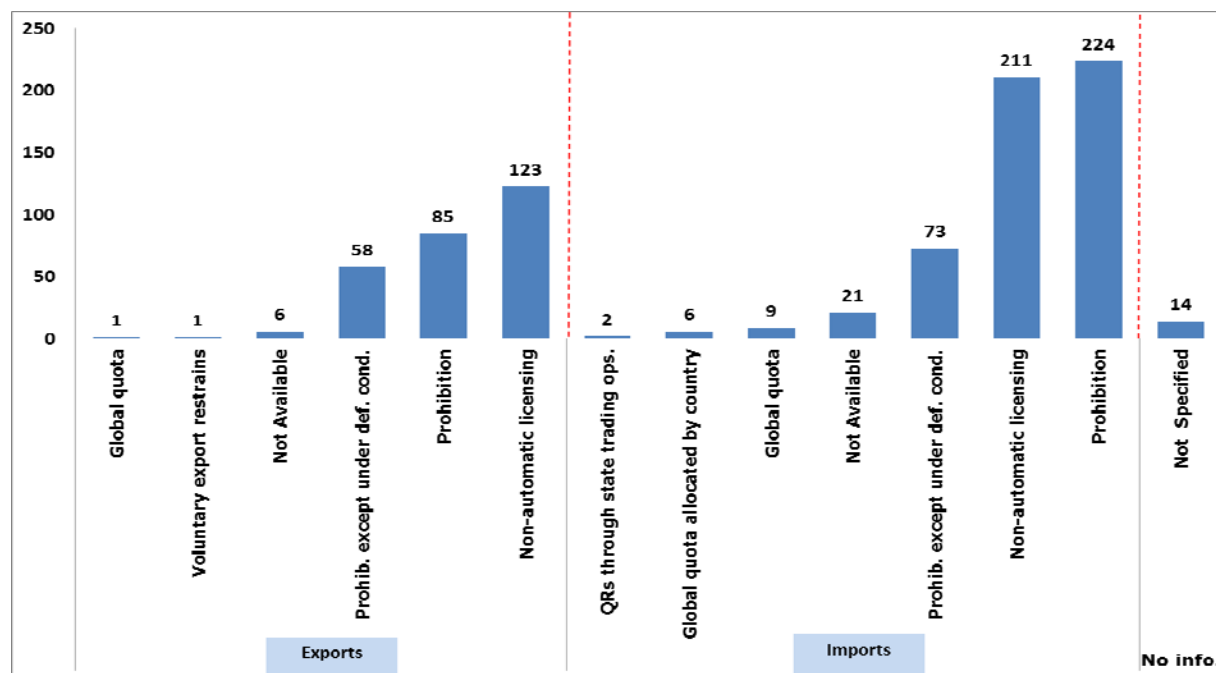
¹¹ Paragraph 5 of the QR Decision states that Members shall be free to make reverse notifications of measures maintained by other Members. They shall use the format in Annex 1 and complete all the information required. These notifications will be included in the agenda of the Committee on Market Access and the Member subject to reverse notification will have two months to comment in writing. In the absence of such a comment within the two months, the Secretariat shall include the reverse information in the database.

¹² See Annex 1 for a complete list of all notifications submitted by Members.

3.2 Type of restriction used and affected trade flows

3.4. The QR Decision provides that all QRs in force should be notified, irrespective of whether they affect imports or exports. Paragraph 2(ii) requires Members to provide a "precise indication of the type of restriction imposed using the symbols contained in Annex 2". Where the restriction cannot be classified under one of those symbols, then a full description of the measure shall be provided by the Member in the notification.¹³ It is important to note that each notified QR may be enforced through more than one measure. For example, one QR could involve a conditional prohibition and a non-automatic licence procedure.

Chart 1: Number of QRS notified, by type of restriction and affected trade flow



Source: WTO Secretariat based on QR notifications received.

3.5. As can be seen from Chart 1, the majority of measures notified by Members consist of import measures (66.5% of the total), which is practically two times as those imposed on exports (33.5%). In terms of the specific types of measures notified, most of them are:

- non-automatic licensing procedures, of which 123 measures apply to exports and 211 to imports;
- prohibitions (e.g. bans of certain products), of which 84 concern exports and 224 concern imports; and
- prohibitions except under defined conditions (i.e. conditional prohibitions), of which 58 apply to exports and 73 apply to imports.

3.6. Quotas¹⁴, either global or allocated by country, represent a small percentage of the total number of notified measures. In 27 cases, the notifying Member did not categorize the measure using a specific symbol, but it was nonetheless possible to identify whether the restriction applied to imports or exports. These cases are reported in the chart as "not available" for both exports (6 measures) and imports (21 measures). However, it was not possible to assign a specific category for 14 measures due to lack of information, which appear in Chart 2 as "not specified".

¹³ Footnote 5 of the QR Decision specifies that such list is "not intended to define or harmonize the concept of quantitative restrictions under the WTO".

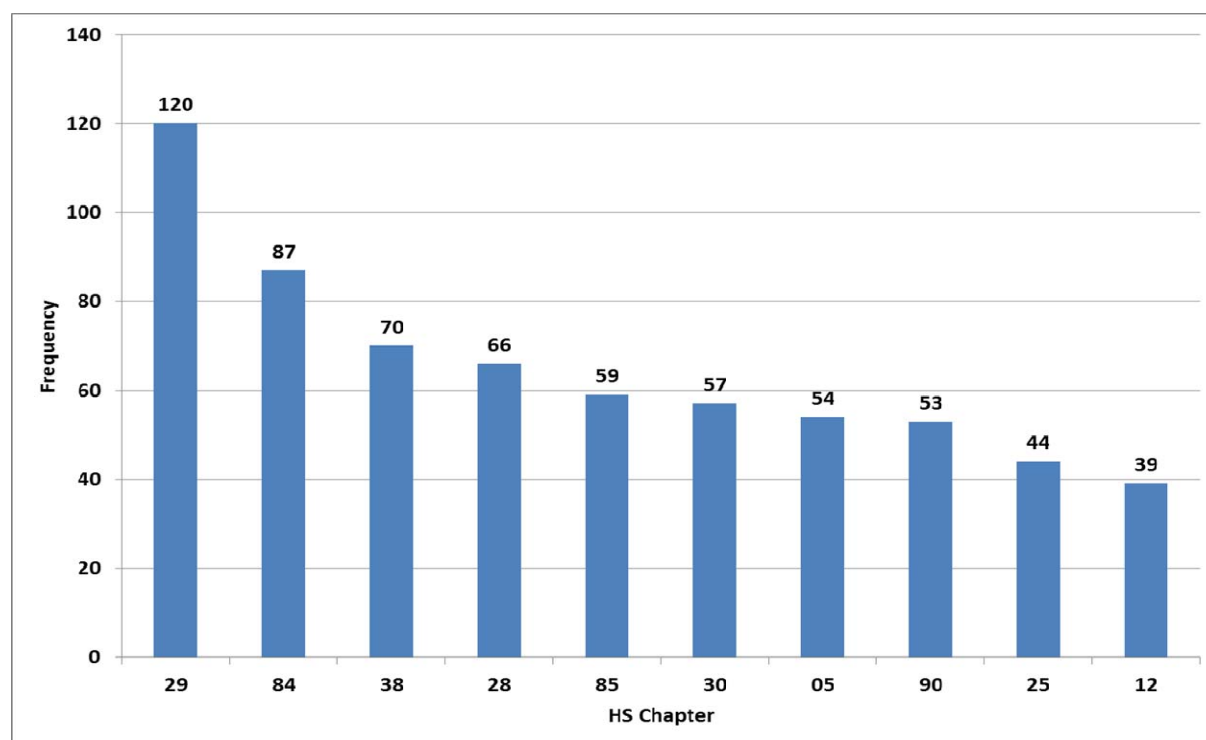
¹⁴ A quota is a restriction (i.e. an absolute volume) on the amount of a good that may be imported by, or exported from, a country. It should not be confused with a "tariff quota" or "tariff rate quota" (TRQ), which consist in the application of a reduced tariff rate (i.e. in-quota duty) for a specified quantity of imported goods; imports above this specified quantity face a higher tariff rate (i.e. out-of-quota duty). TRQs are commonly used for agricultural products. Footnote 1 of the QR Decision explicitly excludes TRQs from its scope.

3.3 Types of products affected

3.7. Paragraphs (iii) and (iv) of the QR Decision require Members to provide specific information on the tariff line code of the products affected by the QR, namely: i) a detailed description of the tariff line(s) or parts of the tariff line(s) affected, together with an indication of the Harmonised System (HS) version on which the codes are based; and ii) a detailed description of the product(s) covered by the QR. It is further specified that "Members shall make an effort to be precise in those cases where the restriction only covers part of an HS sub-heading, i.e. only part of a six digit code".

3.8. Of the 27 notifications used in the calculations, 16 only contain partial or no information on the tariff codes affected. Some of these notifications do not make reference to all specific tariff lines covered by the QR, but rather use the term "various", sometimes followed by examples of tariff lines covered (i.e. it is not an exhaustive list). In other cases there is no consistency between the tariff line and the described product. Finally, there are some notifications that provide a link to a website or document which contains a generic list of products with no specific information on the HS code.

Chart 2: Top-ten product categories affected by QRs notified, by HS chapter



Source: WTO Secretariat based on QR notifications received.

3.9. Chart 2 illustrates the ten HS chapters that appear to be the most affected by the application of QRs. The calculation was based on the tariff codes provided in the notification, including those cases with partial information. The one with the highest frequency is Chapter 29 (Organic chemicals), which has been cited in 120 cases, followed by Chapter 84 (Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof), and Chapter 38 (Miscellaneous chemical products), which have been cited 87 and 70 times, respectively. In terms of the HS version used, the vast majority of QRs notified (572) includes codes based on HS2012, followed by 235 QRs which use HS2007, and only 9 are based on HS2002.

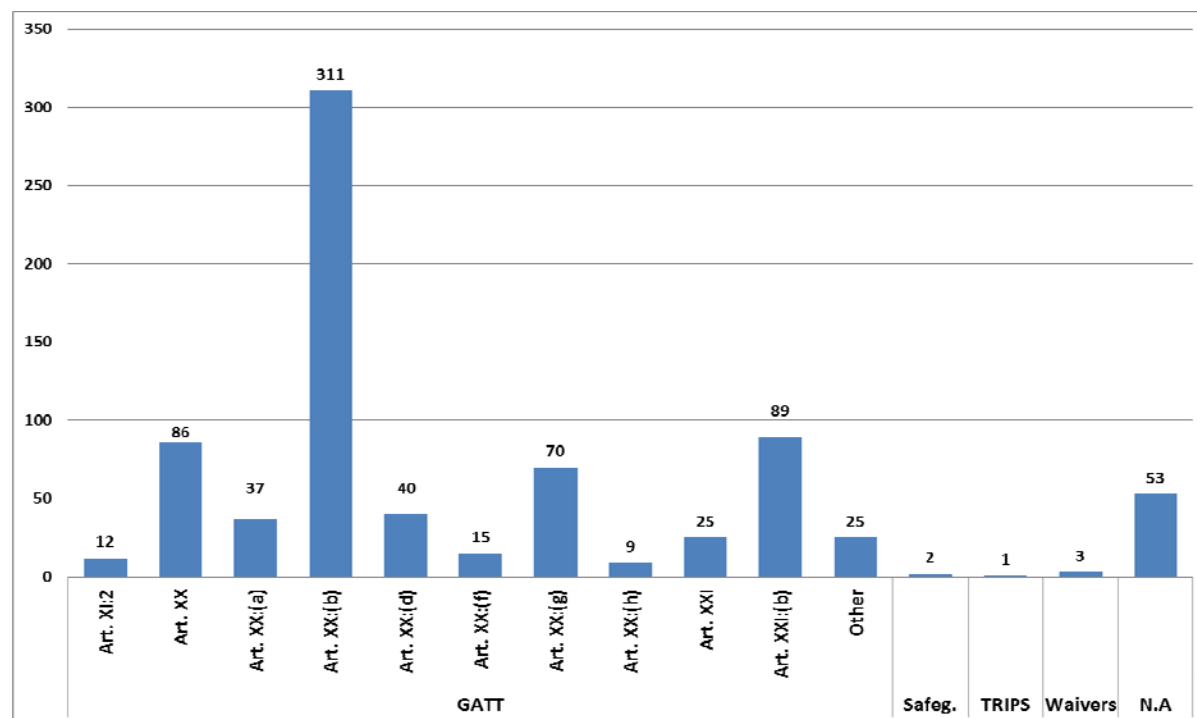
3.4 WTO justification

3.10. Paragraph 2(v) of the QR Decision requires Members to provide "an indication of the grounds and WTO justification for the measures maintained [...] and the precise WTO provisions". Although Members have invoked one WTO provision in 87.9% of the QRs notified, they have

mentioned more than one justification in 5.3% of them, whereas nine Members did not provide any information for 53 QRs (6.8%).

3.11. The GATT 1994 has been the most frequently cited Agreement (more than 90% of the QRs), and in particular Article XX (General exceptions), which has been referred to in 593 QRs. Particularly relevant is the reference to paragraph b of Article XX (measures "necessary to protect human, animal or plant life or health"), which accounts for 311 citations. Article XXI:b, concerning exceptions necessary for the protection of a Member's national security interests, has also been included as justification in 89 cases.

Chart 3: Number of QRs notified, by WTO provision cited as justification

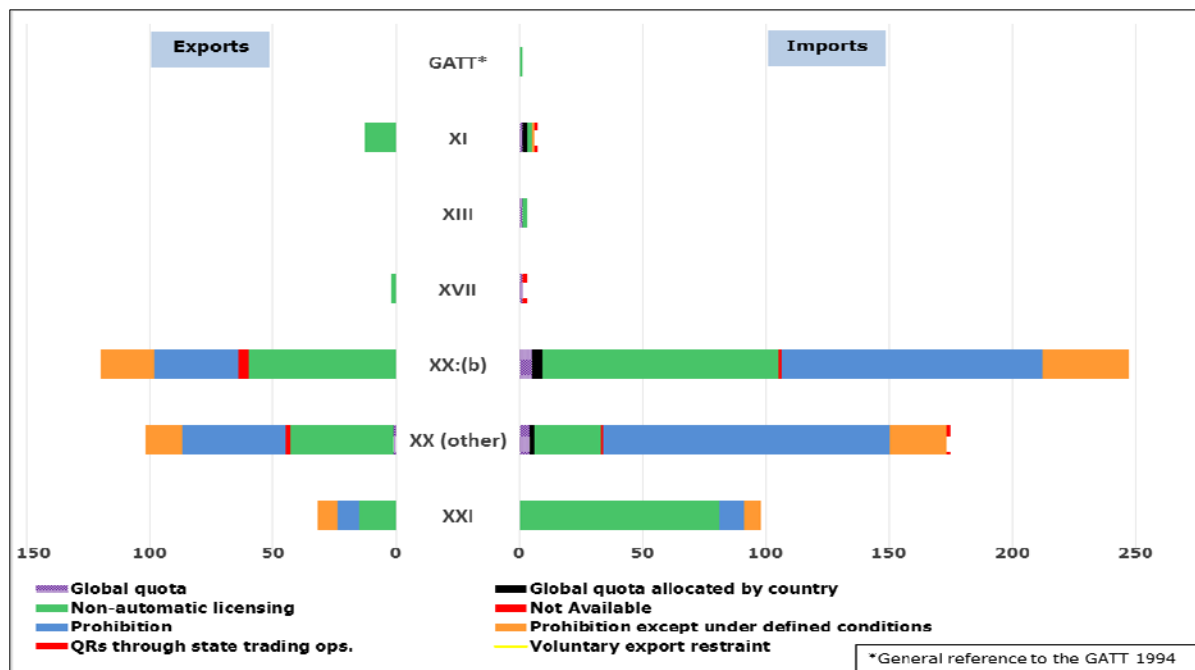


Source: WTO Secretariat based on QR notifications received.

3.12. Members have also made reference to the Agreement on Safeguards, particularly for measures taking the form of import quotas, and the TRIPS Agreement. Some QRs have been justified on the basis of waivers, such as the one relating to the Kimberley Process Certification Scheme for Rough Diamonds. In addition to the 53 instances where no justification was provided ("not available" in Chart 3), there are 25 cases where the reference is solely to the Agreement as a whole, or the broad article in general, without further details (e.g. there have been 86 cases where the Member simply stated "Article XX").

3.13. Chart 4 provides the breakdown of the measures used to implement the QR under each legal provision cited as justification, and whether these affect imports or exports. Overall, the two most common types of measures notified across all provisions are: i) non-automatic licensing procedures (341 in total) and ii) prohibitions (317 in total). For those QRs which have been justified through the general exceptions of Article XX(b), most import measures relate to prohibitions (106), non-automatic licensing procedures (96), and prohibitions except under defined conditions (35). On the other hand, those measures applied on exports relate mostly to non-automatic licensing procedures (60) and prohibitions (34). Prohibitions have a considerably more important weight for those QRs which have been justified by other paragraphs of Article XX (158 of 277). The large majority of QRs justified through the national security exception of Article XXI relate to non-automatic licensing procedures (15 on exports and 81 on imports). It should be noted that prohibitions except under defined conditions account for most of the measures for which no legal justification was cited.

Chart 4: Number of QRs notified, by GATT 1994 Article cited and type of measure

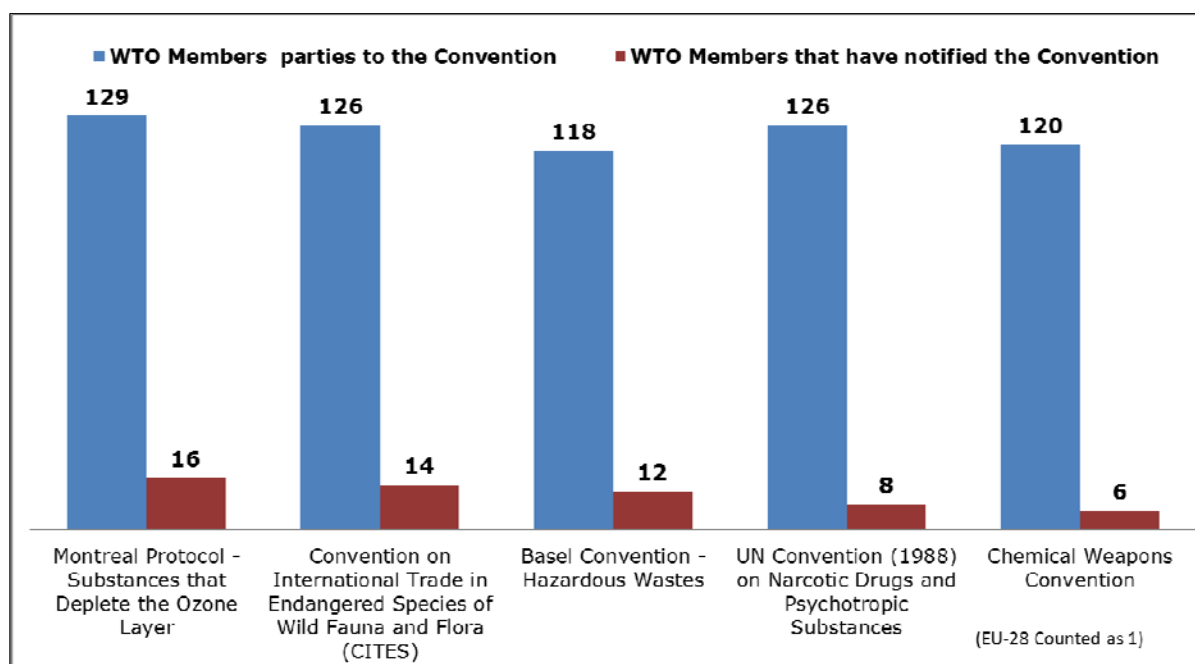


Source: WTO Secretariat based on QR notifications received.

3.5 Non-WTO agreements mentioned

3.14. Paragraph (v) of the QR Decision requires Members to provide an indication of the grounds for the measures maintained, including "any relevant international commitment where appropriate". A number of notifications have provided information on non-WTO agreements, but Members have taken different approaches. While some Members have included very detailed information, others have not.

Chart 5: QR notifications and Members' participation in non-WTO agreements



Source: WTO Secretariat based on QR notifications and the websites of the different Conventions.

3.15. Chart 5 shows the number of WTO Members that are signatories to some of the international conventions that have been cited, and compares it with the number of Members that have made reference to them in the notifications. The most frequently cited international conventions in the notifications include the Montreal Protocol on Substances that Deplete the Ozone Layer, CITES, and the Basel Convention on Hazardous Wastes, among others.

3.6 Other elements in the notifications

3.16. Paragraph 2(vii) of the QR Decision allows Members to provide information on, *inter alia*, the manner in which the restriction is administered, and whether it is applied on a MFN basis or to the trade with one or more trading partners. This possibility has been used by 25 of the 27 Members which have provided additional information on 406 QRs.

3.7 Cross-reference to other WTO notifications

3.17. Cognizant of the fact that a number of measures are already subject to specific notification requirements under different WTO Agreements, as well as the need to avoid unnecessary duplication, the QR Decision provides for the possibility to make cross-references to other notifications.¹⁵ In this regard, the format allows Members to include a cross-reference to notifications made pursuant to the Agreement on Agriculture, Agreement on Balance of Payments, Agreement on Safeguards, Agreement on Import Licensing Procedures (only the non-automatic ones), and other agreements.¹⁶

3.18. Of the 27 Members that have notified QRs, 16 have included cross-references to other WTO notifications, all of which refer to the Agreement on Import Licensing Procedures. There are, however, cases where only the document symbol has been provided and the notification referred to does not contain all the information required by the QR Decision.

¹⁵ Paragraph 3 of the QR Decision.

¹⁶ Section 2 of Annex1 to the QR Decision.

ANNEX
QR NOTIFICATIONS SUBMITTED PURSUANT TO G/L/59/REV.1

Member	No. of Notifications	Document	Type	Date
1. Australia	2	G/MA/QR/N/AUS/1	Complete	16/10/2012
		G/MA/QR/N/AUS/2	Complete	15/01/2015
2. Canada	2	G/MA/QR/N/CAN/1	Complete	07/11/2012
		G/MA/QR/N/CAN/2	Complete	23/10/2014
3. China	3	G/MA/QR/N/CHN/1	Complete	08/04/2015
		G/MA/QR/N/CHN/2	Complete	08/04/2015
		G/MA/QR/N/CHN/3	Complete	08/04/2015
4. Costa Rica	2	G/MA/QR/N/CRI/1 and G/MA/QR/N/CRI/1/Corr.1	Complete	30/09/2012
		G/MA/QR/N/CRI/2	Complete	03/10/2014
5. Cuba	2	G/MA/QR/N/CUB/1	Complete	07/01/2013
		G/MA/QR/N/CUB/2	Complete	24/09/2014
6. European Union	2	G/MA/QR/N/EU/1	Complete	24/04/2013
		G/MA/QR/N/EU/2	Changes	09/10/2014
7. Georgia	1	G/MA/QR/N/GEO/1	Complete	25/03/2014
8. Hong Kong, China	3	G/MA/QR/N/HKG/1	Complete	28/09/2012
		G/MA/QR/N/HKG/1/Add.1	Changes	30/04/2013
		G/MA/QR/N/HKG/2	Complete	02/10/2014
9. India	1	G/MA/QR/N/IND/1	Complete	01/10/2013
10. Japan	2	G/MA/QR/N/JPN/1	Complete	22/01/2013
		G/MA/QR/N/JPN/2	Complete	15/01/2015
11. Lao People's Democratic Rep.	1	G/MA/QR/N/LAO/1	Complete	12/10/2014
12. Korea, Republic of	1	G/MA/QR/N/KOR/1	Complete	15/10/2012
13. Macao, China	2	G/MA/QR/N/MAC/1	Complete	30/09/2012
		G/MA/QR/N/MAC/2	Complete	18/09/2014
14. Mali	1	G/MA/QR/N/MLI/1	Complete	05/03/2013
15. New Zealand	2	G/MA/QR/N/NZL/1	Complete	12/10/2012
		G/MA/QR/N/NZL/2	Complete	01/10/2014
16. Nicaragua	1	G/MA/QR/N/NIC/1	Complete	22/10/2014
17. Peru	1	G/MA/QR/N/PER/1	Complete	28/08/2013
18. Russian Federation	2	G/MA/QR/N/RUS/1	Complete	14/09/2012
		G/MA/QR/N/RUS/2	Complete	18/09/2014
19. Philippines	1	G/MA/QR/N/PHI/1	Complete	19/05/2015
20. Chinese Taipei	1	G/MA/QR/N/TPKM/1	Complete	29/09/2014
21. Singapore	2	G/MA/QR/N/SGP/1	Complete	06/05/2013
		G/MA/QR/N/SGP/2	Complete	15/04/2015
22. Switzerland	1	G/MA/QR/N/CHE/1	Complete	11/03/2014
23. Thailand	1	G/MA/QR/N/THA/1 and G/MA/QR/N/THA/1/Corr.1	Complete	22/10/2012
24. Turkey	1	G/MA/QR/N/TUR/1 and G/MA/QR/N/TUR/1/Corr.1	Complete	30/09/2012
25. Ukraine	4	G/MA/QR/N/UKR/1	Complete	28/09/2012
		G/MA/QR/N/UKR/1/Add.1	Changes	30/04/2013
		G/MA/QR/N/UKR/1/Add.2	Changes	20/08/2013
		G/MA/QR/N/UKR/1/Add.3	Changes	24/01/2014

Member	No. of Notifications	Document	Type	Date
26. United States	2	G/MA/QR/N/USA/1	Complete	03/10/2012
		G/MA/QR/N/USA/2	Complete	07/10/2014
27. Uruguay	1	G/MA/QR/N/URY/1	Complete	08/01/2014

Source: WTO Secretariat.
