

# WORLD TRADE ORGANIZATION

RESTRICTED

**WT/BOP/R/35**

19 September 1997

(97-3791)

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## **Committee on Balance-of-Payments Restrictions**

### REPORT ON THE CONSULTATIONS WITH NIGERIA

1. The Committee on Balance-of Payments Restrictions resumed its consultations with Nigeria on 30 and 31 July 1997. These were held under the Chairmanship of Mr. Peter R. Jenkins (United Kingdom) and in accordance with the terms of reference of Article XVIII:12(b) and the Understanding on the Balance-of Payments Provisions of the GATT 1994. The International Monetary Fund was invited to participate in the consultations in accordance with Article XV:2 of GATT 1994.
2. The Committee had before it the phase-out plan submitted by Nigeria, WT/BOP/N/27.
3. The opening statement of the Nigerian delegation is attached as Annex I.

#### Discussion in the Committee

4. Most Members reiterated the view expressed during earlier stages of the consultations that the restrictions in place for balance-of-payments purposes were inappropriate and were not justified by Nigeria's balance-of-payments situation. With one exception, Members found the time-table, eight years, for the gradual elimination of the import bans far too long. One Member suggested 1999 as an end date which might dovetail with completion of the reform of the Nigerians customs administration. Some Members, while less critical of Nigeria's proposal, hoped that a satisfactory solution could be found at this session. The Nigerian delegation explained that four products (sorghum, millet, wheat flour and gypsum) would be deleted from the notification, as they could be considered prohibited for safeguard rather than balance-of-payments reasons, and a revised plan would be submitted. However, in terms of time frame, he was not in a position to make any changes at this time. Members suggested that the Committee suspend the consultations until Nigeria could come up with a better plan. The Committee decided to resume in February 1998, with the understanding that informal consultations would be held with interested parties in November 1997 in order to garner some assurance that the internal political process would arrive at a solution that could be satisfactory to the Committee.

#### Interim Conclusions

5. Members welcomed the submission of a time schedule for the phasing out of Nigeria's remaining import prohibitions. Although at least one Member considered the Nigerian proposal acceptable, most Members, recalling that the Committee had already concluded that these measures could no longer be justified under Article XVIII:B and the Understanding, called for their elimination immediately or over a much shorter time-frame than that proposed by Nigeria.
6. The Nigerian delegation was not in a position to propose a shorter time-schedule at this meeting; therefore, the Nigerian delegation agreed to communicate the views expressed by Members of the Committee to the appropriate and competent authorities for their consideration and to consult interested Members in the course of November. On that basis, the Committee decided to suspend the consultation and resume, with a view to concluding, in early February 1998.
7. Members reserved their rights under GATT 1994.

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ANNEX I

Opening Statement by the Representative of Nigeria

Mr. Chairman,

1. Let me, once again, on behalf of my delegation thank you and other Members of the Committee for the support and cooperation that you have accorded us in the course of the on-going consultations.

We look forward to your continued understanding and cooperation as we proceed with the task of reaching a consensus on all relevant issues.

2. Mr. Chairman, during the March 1997 consultations with this Committee, Members reaffirmed the position that the import prohibitions in force in Nigeria could no longer be justified under Article XVIII:B and the Understanding on the Balance-of-Payments Provisions of the GATT 1994. On that occasion, Nigeria had also stated its commitment to proceed with the early elimination of the restrictive trade measures, as well as to disinvoke Article XVIII:B. Consequently, the Committee invited Nigeria to consult with Members who expressed interest, and draw up a time schedule for the elimination of the remaining import prohibitions.

3. In line with that objective, Nigeria has submitted an eight-year time schedule for the elimination of the remaining restrictive trade measures. In drawing up a time schedule, Government took into consideration the need not to destabilize the economy, as well as allow time for the on-going customs and port reforms to take root so as to ensure the effective administration of the resulting price-based measures. In addition, Government has also decided to address the issue of import prohibitions comprehensively, hence the proposed time schedule covers all items under import prohibition. Most important of all, the proposed time frame is to allow the economy to consolidate on the recent gains that have been achieved in the area of reduced inflation, improved external reserves position, and the relative stability in interest and exchange rates. This will also ensure that existing balance-of-payments pressures do not render the present favourable developments unsustainable.

4. The Government of Nigeria has taken into account the interests of all our trading partners. The proposed time schedule represents a significant step forward. We, therefore, request for the continued understanding and cooperation of all Members on the proposed time schedule.

5. Thank you for your attention.