

Voluntary Export Restraints

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Abstract

This paper provides a comprehensive policy analysis of VER measures. VER is a protectionist trade measure contradicting the fundamental principles of the GATT/WTO system. As GATT rules tend to constrain the use of tariffs and import quotas by governments, VER has been resorted to as a response to domestic pressures for import relief. The United States together with the European Union are the two major users of these “grey-area” measures. Consequently, the relative use of Article XIX has declined as more safeguard actions have been taken without reference to GATT rules and frequently been in contravention of these rules.

The discussions in this paper throw some interesting light on answers to the following questions: (a) What is the precise meaning of the VER measures? (b) What are the reasons that have led the US and the EU to take such actions? (c) What are the reasons why Article XIX-type action has not been applied? (d) What are the implications of VER measures on both third countries and the GATT/WTO system? (e) What can be said about the phasing-out of the VER measures, including any problems that need to be dealt with and how multilateral disciplines can be established? In conclusion, the author suggests that a contextual approach is necessary to resolve all relative issues surrounding VER measures, including anti-dumping, subsidies, trade-relative competition, labor, and investment measures.

Key Words: VER, OMA, grey-area measures, safeguard measures, WTO