GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee II:
Expansion of Trade

TRADE IN AGRICULTURAL PRODUCTS

Note by the Executive Secretary

The first task of the Committee, as set out in paragraph (a) of its terms of reference (L/939), is "to assemble data regarding the use by contracting parties of non-tariff measures for the protection of agriculture or in support of incomes of agricultural producers and the agricultural policies from which these measures derive". To facilitate the work of the Committee at its first meeting, commencing on 2 March 1959, the secretariat intends to prepare papers on the non-tariff measures currently applied by contracting parties. The following is the procedure which the secretariat proposes to follow in the preparation of these papers.

For the most part the information available to the secretariat on the non-tariff measures applied by contracting parties is inadequate to meet the Committee's needs. Therefore, arrangements are being made with other competent international organizations and in particular with the Food and Agriculture Organization (as stipulated in the Committee's terms of reference) to obtain additional information. Even so, the papers prepared by the secretariat may be incomplete and on some points they may not be up to date. They will be sent as drafts to the governments concerned in January with a request that they be revised and supplemented where necessary and that they be returned to the secretariat in as short a delay as possible in order that they may be translated and reproduced for distribution in advance of the meeting. If the papers for some of the contracting parties cannot be completed in time for them to be revised by the countries concerned before the meeting, they will be distributed at the meeting to be corrected at that time.

An outline of the papers being prepared appears below. It would no doubt facilitate the revision of the secretariat's draft when received if contracting parties would give some advance consideration to the information which should be contained therein. Much of the information on subsidies, including income and price supports, and on national agricultural policies (Sections I and VA of the outline) for contracting parties in Europe and North America will be based upon the first and second reports on Agricultural Policies published by the OEEC in 1956 and 1957. (A copy of these reports will be sent to each contracting party.) Section VB will be left for the country concerned to provide.

Note: When Committee II was appointed on 21 November the Chairman of the CONTRACTING PARTIES proposed Mr. R. Campos of Brazil as Chairman. This, however, was subject to confirmation. Mr. Campos has now advised that he will accept the chairmanship.
Outline of Papers for Committee II

Papers to be prepared for the first meeting of the Committee should cover those agricultural products (including processed products such as flour, tinned food and wine) for which supply or demand on the domestic market is affected, directly or indirectly, by non-tariff measures of protection or support.

I. Subsidies, including all Forms of Income and Price Support

Details of the measures applied:

A. Production Subsidies -

Whether for the whole or part of production (for example, for domestic sales only or also for exports).

B. Other Forms of Income Support -

"Deficiency" payments and other measures.

C. Export Subsidies -

Direct bonuses or subsidies, whether for the whole or part of exports.

D. Financing of Losses on Exports -

Aid granted by the State involving the total or partial reimbursement of export losses or of the difference between the domestic price and the export price.

E. Indirect Aids to Exports -

Preferential or reduced transport rates; subsidies or price reductions for agricultural products used in producing goods for export.

F. Aids to Exports involving the use of Resources obtained from "Compensation" or "Price Equalization" operations

Aids financed by the use of resources obtained from:

(1) profits on earlier exports;
(2) profits on products exported simultaneously at higher prices;
(3) extra amounts obtained from sales on the home market or re-exports of imported products;
(4) guarantee, support or incentive funds or schemes instituted by the State or operated under State control or authority.

G. Other Forms of Aid -

Currency retention schemes or other exchange measures; Remission of direct taxes or social welfare charges; Remission of indirect taxes; Supply of raw materials at preferential prices for the manufacture of processed products for export.

1 In each case, the cost of the subsidy, the source of the funds used and, if possible, the amount of subsidy per unit should be specified.
II. Mixing Regulations

The proportions fixed for domestic and imported products and how these are determined.

III. Import Restrictions

Details of the restrictions applied to particular products or groups of products for which support measures are in force, as described in I and II above:

(i) the nature of the restriction, i.e. whether a complete or seasonal prohibition, a restriction based on volume or value, or a restriction based on a minimum price or on a requirement to purchase domestic products;

(ii) if quotas are established, the basis of the system, i.e. whether global quotas (if so, the size of the quotas) or quotas allocated among countries (if so, whether by agreement with exporting countries);

(iii) in the case of a licensing arrangement, the basis of which licences are issued and the administrative arrangements;

(iv) if the restriction is based on a minimum import price, how this price is determined;

(v) if based on purchase of domestic products, the ratios and how they are determined.

IV. State-Trading Operations

Description of the operations of State-trading enterprises (including private enterprises enjoying special privileges):

Whether the enterprise deals with exports or with imports; or both.

Whether private traders are allowed to import or export and, if so, on what conditions. Whether there is free competition between private traders and the State-trading enterprise.

The criteria used for determining the quantities to be exported and imported.

How export prices are determined. How the mark-up on imported products is determined. How export prices and the resale prices of imports compare with domestic prices.

Whether long-term contracts are negotiated by the State-trading enterprise. Whether State-trading methods are used to fulfil contractual obligations entered into by the Government.
V. Description of National Agricultural Policies

A. A general statement of policies, relating to agriculture in general or to particular products or groups of products, from which the measures described in I - IV are derived.

B. A general statement of measures which tend to reduce or remove the need for non-tariff measures of protection or support, for example:

(i) to improve quality or productivity;
(ii) to increase internal consumption;
(iii) to provide alternative employment for agricultural labour.