1. In accordance with the decision adopted by the CONTRACTING PARTIES at their fourteenth session that consultations should be held with the individual contracting parties regarding their agricultural policies, the Committee carried out the consultation with the Netherlands. The Committee had before it (i) a synopsis, furnished by the Government of the Netherlands, of non-tariff measures for the protection of agriculture or in support of incomes of agricultural producers, and (ii) a series of documents giving detailed information on the commodities entering importantly into world trade on which the CONTRACTING PARTIES had agreed the consultations should in the main be concentrated. In conducting the consultation, which was concluded on 21 September, the Committee followed the "plan" contained in Annex A to document COM .II/5 and adopted by the CONTRACTING PARTIES at their fourteenth session. The present report summarises the main points discussed during the consultations.

2. The representative of the Netherlands stated that the Government of his country were of the opinion that the present consultations on agricultural policies might contribute to an understanding of agriculture and agricultural policy as a whole, and, at a later stage, to an appraisal of the various elements included in agricultural policy. The advantage of these consultations was agricultural policies as a whole would be examined and not merely isolated aspects such as tariffs and quantitative restrictions. Economic policy in general and agricultural policy in particular had become very complex. Before 1930 the main elements of agricultural policy had been tariffs and technical services. Since that time there had been development of an ever increasing number of more modern measures to afford protection to agriculture; the rigid restrictions of the 1930's had soon been followed by measures such as subsidies, equalization funds, regulation of production, deficiency payments, minimum price regulations. It seemed impossible to form a fair judgement of agricultural policy without taking into account all elements of protection. Measures of protection were often of a complementary character or were a consequence of protectionism in other countries; for example, any complete appraisal of export subsidies in one country must take account of the protective measures in others and the problem of surpluses in agricultural exporting countries had to be considered together with expanding production in importing countries.

3. So far as the Netherlands was concerned, the Government's agricultural policy included two main elements. The first was the increase of productivity in a direct way by research, advice, education, the introduction of better strains of animals and crops, the combating of diseases and, since 1945 especially, the carrying out of development schemes on a regional basis and the stimulation of migration of labour
from agriculture to other industries and to other countries in order to improve conditions for the enlargement of small farms and the promotion of better combinations of production factors. The second main element of Government agricultural policy was price and income stabilization for the most important commodities. This element had become particularly predominant in Government agricultural policy during and after the depression of the 1930's, not because the Government considered this element more important than the first main element of their policy but because the Netherlands had encountered more and more difficulties in maintaining its position as an agricultural exporter.

4. In the view of the Government of the Netherlands the advantage that they had once had of an agriculture based on free international trade had turned in some way into a disadvantage, particularly in recent years insofar as national economic stability appeared to be regarded by most countries as a more important consideration than free international trade. This development had placed the Netherlands in a difficult position; on the one hand they had been forced for political and social reasons to follow the development that had taken place in other countries, that is to provide for some stability in prices and incomes, but on the other hand their experience had been that stabilization policies did not fit in well with their position of still being dependent on international trade and international division of labour.

5. To combine these two elements, the Netherlands had found it necessary to introduce a number of compromise solutions. The Netherlands was applying a stability policy for those commodities, such as cereals, sugar and liquid milk for human consumption, which were not exported, and had free prices for those commodities, such as dairy products, meat and eggs, which were exported. These compromise solutions had provoked some complications; for example, there was as part of a stabilization policy a system of levies on food grains combined with the re-imbursement of these levies on products such as pigmeat and eggs produced from these feeding stuffs when exported. Another complementary measure was the deficiency payments system for milk in the Netherlands. The representative of the Netherlands recognised that some of the measures that the Netherlands had adopted would give rise to anxiety in other countries. In the Netherlands' view, the best solution would be reached if the consultations and the further work of the Committee contributed to a reduction of agricultural protectionism; this would make it easier to simplify agricultural protectionism in the Netherlands.

6. The Committee expressed appreciation for the clear statement and the able presentation of the dilemmas facing the Government of the Netherlands - and indeed most countries - which had been made by the representative of the Netherlands and for the comprehensive and detailed documentation which had been furnished by the Government of the Netherlands.

7. In discussion on the statement made by the representative of the Netherlands, one member of the Committee said that, leaving aside the exporters of tropical products, there were five or six major agricultural exporters among the countries of the GATT. Of these, he suggested, only two countries had so far managed to avoid the use of subsidies for agriculture; the Netherlands
was one of the major agricultural exporters which unfortunately had found it necessary to adopt some protective measures which given favourable conditions it would not wish to maintain. The statement now made by the Netherlands' representative had re-inforced his own conviction that in considering the agricultural policies of traditional exporters it would have to be recognized that the need for stabilization schemes in such countries arose in part from the difficulties they experienced in finding profitable and stable markets. Instability in prices was closely related to the high level of protection and restrictions maintained by many importing countries.

8. Members of the Committee noted that an extensive list of agricultural items was still subject to quantitative restrictions and stressed their concern at the import restrictions aspects of the protective regime for agriculture in the Netherlands. In reply to questions about the import and export powers granted to the government or semi-government Commodity Boards, the representative of the Netherlands said that these Boards were not monopolies; the Government reserved its sole competence in the field of foreign trade. The Boards had no influence in the trade of liberalized commodities. Non-liberalized products fell into two groups, the first group consisting of goods for which licences were issued freely (i.e. where there was de-facto liberalization) and the second for goods for which quotas had been established. For this latter group of goods the Government had delegated the power of import licences to the Commodity Boards but the Boards had no influence on the issue of licences within the limits of the quotas set for the items. The representative of the Netherlands assured the Committee that licences were issued on strictly commercial grounds, i.e. that importers were permitted to buy (and exporters to sell) from or to whatever source they chose and there was no longer discrimination against any source in the administration of quantitative restrictions.

9. One member of the Committee asked to what extent the issue of licences by the Boards was affected by the existence of bilateral agreements or arrangements on any of the products with which the Committee was mainly concerned in the consultations. In reply, the representative of the Netherlands said that only a few bilateral quotas were still in operation; these were in the fish sector and no other products were affected. Members of the Committee noted that, in the documentation supplied by the Government of the Netherlands to the Committee, the Government had stated that the restrictions were administered in such a way that their restrictive effect was extremely limited. In reply to questions about this statement, the representative of the Netherlands said that for many of the products of interest to other countries a system of de-facto liberalization was applied; for the items where quotas were in operation, these quotas were administered on a liberal basis. One member of the Committee drew attention to a statement, included in the documentation supplied by the Government of the Netherlands, that licences were issued according to need and asked how this need was judged and whether the size of domestic production was taken into account in determining the level of quotas. The representative of the Netherlands said that for most of the commodities still subject to restriction imports were small because production was high in the Netherlands; for example, the Netherlands was about
self sufficient in beef and veal, and for dairy products they were exporters. Cereals was the main items for which there were sizeable imports. To those commodities for which the stabilization policy was applied this was taken into account when determining the extent to which imports could be allowed.

10. Members of the Committee noted for many of the items still subject to restriction the provisions of List A of the Benelux Protocol applied which meant that these products could not be liberalized from third countries; they asked how great was the degree of restriction involved and whether these and other restrictions were justified under the General Agreement. Members of the Committee asked whether the Netherlands authorities envisaged any changes in their plans on import restrictions or whether it was their intention to maintain the existing situation. The representative of the Netherlands confirmed that most of the items still subject to import restrictions were subject to the provisions of List A of the Benelux Protocol. Under this system both Belgium and the Netherlands could impose minimum prices; immediately these were in operation an absolute preference existed between the Benelux countries and no imports from third countries were permitted. As soon as the minimum prices were in operation, the Netherlands could impose a levy to bring her prices to the determined minimum price level for export to Belgium; if prices fell below this level, Belgium could ban imports from the Netherlands. The representative of the Netherlands said that the authorities of the two countries were at present considering the problem with a view to finding a more liberal approach. The Government of the Netherlands were aware that their remaining import restrictions were not in conformity with GATT and reminded the Committee that the CONTRACTING PARTIES had been informed at their last session that the Netherlands authorities had no intention of setting the problem aside. The Netherlands authorities hoped to present their plans about the remaining import restrictions to the CONTRACTING PARTIES at their next session. However, he wished to emphasize the difficulties with which the Government of the Netherlands was confronted. The Netherlands was in a position to export 40 per cent of its national production but was encountering considerable difficulties in exporting and the Government had therefore been compelled to adopt stabilization policies for the remaining part of agriculture. When stabilization policies were adopted the use of some of the protective measures which had evolved in the last twenty or thirty years was unavoidable; it was not possible to open one's market completely, particularly to surpluses. In making their choice of protective measures, the Government had used quantitative restrictions among other measures; the elimination of quantitative restrictions could be considered but alternative measures would perhaps have to be taken or stabilization policies could not be implemented.

11. Members of the Committee expressed concern at the high total cost of the Netherlands Government's support programme for agriculture, which had shown a considerable increase between 1956 and 1958. The representative of the Netherlands said that the sums involved were of great concern to the Netherlands Government, particularly since the cost of support programmes did not show the complete financial burden of support for agriculture. The figures did not include the sums involved in the Government's projects for
re-adaptation of agricultural industrialization projects nor did they include home consumer payments on those commodities which were not exported. The representative of the Netherlands drew the attention of the Committee to the fact that the cost of the Government's support programme had been reduced in 1959 and, in reply to questions, said that the greatest reduction had been in the dairy sector where the support had been reduced from 400 million guilders in 1958 to 225 million guilders in 1959.

12. Members of the Committee noted that farm net income had increased even more than the total cost of Government support programmes. They asked whether, in view of the fact that farmers in some other countries had been faced with decreases in income, the Netherlands Government had had some special reason for increasing farmers' income and, if this had not been the case, whether the development of farmers' income had not affected the views of the Dutch Government as to whether the existing system should continue unchanged. The representative of the Netherlands said that it was necessary to consider farm net income in relation to total national income in which there had been a considerable increase; the situation was such that from 1949-53 farm net income as a proportion of national income was 14.5 per cent and fell to 11.8 per cent in 1953-1957. He drew the Committee's attention to the decrease in the cost of subsidies in 1959 and the increase in farmers' net income in the same year. Members of the Committee considered that the quotation of such percentages did not give a clear picture; the decrease was partially accounted for by decreases in the farm population and increases in other industries. Prices for agricultural products had been relatively better in the earlier period and there had at the same time been an immense increase in industrial activity and therefore a considerable increase in income. Despite the decrease in the subsidies in 1959, farmers' net income had been estimated as increasing by 5 per cent in that year, which was a considerable rise if the agricultural population was still decreasing and meant an even greater per capita increase in income. The representative of the Netherlands said that in addition to the unfavourable developments in the relationship between agricultural incomes and the national income as a whole, other factors such as purchasing power in the agricultural sector, which lagged behind purchasing power elsewhere, had also to be taken into account.

13. Some members of the Committee noted that the Government of the Netherlands had stated that no export subsidies nor indirect aids to export were granted on agricultural products, and considered that the system of re-imbursement of equalization levies imposed on imported feed grains should be regarded as an indirect aid to exports. The representative of the Netherlands said that a guaranteed minimum price for feedgrains was in operation in the Netherlands and this minimum price was realized by the imposition of a variable levy on imports of feedgrains. The minimum price for feedgrains had a price increasing effect on the products produced, e.g. meat, eggs and, to some extent, dairy products, and those price increasing effects were re-imbursed in the case of exports. The price increasing effects on each sector were determined on the basis of calculations, made by the Agricultural Economic Research Institute and the Commodity Boards, of how feeding stuffs were distributed among the dairy, pig and egg industries. The representative of the Netherlands did not
agree that the reimbursement should be regarded as an indirect aid to export; the quantities of grains imported exceeded the quantities exported in the form of meat, eggs, etc., and this merely amounted to bringing back exports of meat and eggs on a world market basis.

14. In reply to questions about the factors taken into account in fixing the level of guaranteed prices the representative of the Netherlands said that the guaranteed prices were closely related to production cost calculations made by the Agricultural Economic Research Institute an institute financed on a parity basis by the Government, and the agricultural organizations. In order to give stimulus to more productivity in the industry the Government, in collaboration with the agricultural organizations, had established a number of guide lines on production cost calculations. These guide lines included rules in connection with the sizes of farms to be taken into account and the elimination of surplus labour. They also provided for rules on the inclusion of rents, depreciation costs and use of raw materials. It was the intention of the government to stimulate periodic revisions of the guiding lines in order to keep pace with developments of farming techniques.

15. One member of the Committee pointed out that the system of equalization levies, which must be administratively complicated, could be avoided if a deficiency payments system were employed and asked why milk was the only major item for which a deficiency payments scheme was in operation. The representative of the Netherlands said that deficiency payments were also applied for cereals on sandy soils, but that the Government did not intend to extend the system of deficiency payments to other items because of the heavy burden placed on the Exchequer. There had been a rapid increase in the cost of the deficiency payments scheme for milk between 1956 and 1958 and the experience of the Netherlands Government had been that deficiency payments schemes could interfere with general economic policy. In 1958, the general economic situation had been one of strong inflation and attempts to seek a surplus on the budget failed, among other things because of the great deficit on agriculture. The deficiency payments scheme for milk had been reduced in 1959.

16. Members of the Committee stressed their interest in sales to the Netherlands of those commodities for which the Netherlands was a net importer and asked what the Netherlands Government contemplated as the future production pattern for Netherlands agriculture. While they appreciated that the Netherlands Government had no specific production objectives nevertheless they would expect the support measures to reflect themselves in a changing production pattern from time to time. Members of the Committee also asked what effects were envisaged on the production pattern of Netherlands agriculture of the general agricultural policy of the common market, and whether quantitative restrictions were being retained in order to cover future common market arrangements. The representative of the Netherlands said that it was difficult to forecast developments in production patterns; throughout the years the pattern of production had been rather stable. There were no specific aims to increase or decrease production of individual commodities, but the pattern was influenced indirectly by the Government who had to take into account the problems they encountered in individual commodities. Thus in 1959 there had been a deterrent
to increased production of milk by the limiting of the guarantee to a maximum quantity of 5 million tons and a deterrent to increased production of sugar by the limitation of the guarantee to the quantity that could be sold on the home market. There was no intention of bringing about changes in the pattern of production; the aim of the Government continued to be structural adaptation, i.e., increases in productivity per man without increase in production as such which of course meant decrease in the agricultural population. The representative of the Netherlands said that, while the aim of the common market was to break down barriers to trade, nevertheless it was impossible to make predictions about the effects of common market agricultural provisions of production patterns in the Netherlands.

17. Members of the Committee expressed the hope that the support measures adopted in the Netherlands would not be developed in such a way as to contribute to the increase in protectionism and its results on trade in agricultural products from which the Netherlands as a major agricultural exporter had been adversely affected. They further expressed their hope that the Netherlands Government in reviewing the remaining quantitative restrictions, would adopt a policy which would enable them to rely on the tariff and comparative efficiency as protection for their agriculture and thus reduce the restrictive effects on the international trade.
B. COMMODITIES

18. The Committee conducted a detailed examination of the information submitted by the Netherlands on those commodities on which it had been agreed that the consultations should be concentrated. This section of the present report summarises the main points discussed during the examination.

MILK PRODUCTS

19. In reply to questions about the operation of the deficiency payments scheme on milk, the representative of the Netherlands confirmed that there was in effect a guaranteed price for all milk produced in the Netherlands, regardless of use, and that the quantity produced substantially exceeded the uptake of liquid milk for human consumption in the Netherlands. Members of the Committee expressed their concern at the high level of support given to the milk producers which, given the cost structure of the industry and the degree of efficiency it had attained, did not appear to them to be necessary. From the calculations which could be made from the figures supplied to the Committee, it appeared that in 1958/59 the value to producers of milk used for processing had been 27.4 cents per kilo; the subsidy paid to producers in this period had been 13.5 cents per kilo, i.e. almost half the price paid to the producer which was an exceptionally high rate of subsidy. It was recognized that 1958/59 had been an unfavourable year for dairy producers, but even in the year before the subsidy had been 7 cents, i.e. more than 25 per cent of the price to the producer and the estimated subsidy for 1959/60 was 7.5 cents per kilo, again more than 25 per cent. The representative of the Netherlands stated that he was not able to confirm the calculations made by members of the Committee. The Government was aware of the dangers of too heavy support for the dairy industry and had started to limit the guarantees to a lower quantity of milk (5 million tons) and in addition, the Government now paid only 5 cents per kilo of the difference between the average price received by the dairy farmers for all milk produced and the guaranteed price and only 50 per cent of the amount by which the deficiency exceeded 5 cents. The Government of the Netherlands intended to detach price guarantees to some extent from production cost calculations. With regard to the deficiency payments, he stressed that the situation must, however, be seen as a consequence of the Netherlands system of free prices for exports of dairy products the losses on which were financed by the Government and were not export subsidies.

20. Members of the Committee noted the efforts which had been made, among other measures by the reduction of prices to the domestic consumer, to increase consumption of liquid milk and butter thereby decreasing the amounts going to world markets. They nevertheless considered that the practice of payment of an average of two prices to producers, had a less restrictive effect on production of milk than if the producer were paid directly according to the two price system. The representative of the Netherlands agreed that the way in which the guarantee had been limited had only a slight effect on the average price received by the farmers. The Government of the Netherlands had indeed considered payment to the producer directly according to the two price system but had concluded that it was not possible to adopt this system since it was technically very difficult to allocate the two price system between different farms and also because the expansion of milk production was concentrated in the region of small farms and there would have been social and economic repercussions resulting from too great a reduction of production in areas where surplus labour existed.
MEAT

21. The Committee noted that the import restrictions on beef and veal were no longer applied in a discriminatory manner but noted also that imports of these commodities were only permitted if they were compensated by exports. Members of the Committee asked whether this implied a restriction as to sources in the sense that imports could only be made from those countries which had imported goods from the Netherlands. The representative of the Netherlands said that importers and exporters had complete freedom to choose their sources and the prices for export were not fixed by the Commodity Board for Livestock and Meat. In adopting a policy of compensation of imports by exports for beef and veal, in which the Netherlands was largely self-sufficient, the Government were attempting to achieve a balance of supplies and, although there were no guaranteed prices for these commodities, they were attempting nevertheless to stabilise prices.

22. In reply to questions about the Meat Fund and the source of this Fund, the representative of the Netherlands said that the Fund, which covered all meat, received the money necessary for the reimbursement of levies on feed grains and, from the Government eventually, the money to finance losses on exports (bacon).

23. In reply to questions about the powers of the Commodity Board in regard to exports of bacon (for which a guaranteed price system was in operation) the representative of the Netherlands said that export prices were not fixed. Traders were free to decide whether they sold to the home market or to export, and no support was given if sales were made to the home market. The Committee noted that a subsidy of 7 cents per kilo had been paid on exports of bacon in 1958.

CEREALES

24. Members of the Committee noted that a mixing regulation, whereby a percentage not exceeding 35 of domestically produced wheat had to be taken up by the milling industry, was in operation in the Netherlands. They further noted that the regulation appeared not to have had the effect of increasing production of wheat in the Netherlands and assumed therefore the objective of the regulation was to ensure that domestic production of wheat at the existing level was taken up by the milling industry. Members of the Committee asked what were the particular considerations which led to the maintenance of wheat production in Netherlands and whether the production of wheat at the present level was economical in terms of the resources of the country as a whole. They also enquired whether the percentage was always fixed at 35, whether the mixing regulation was regarded in terms of the GATT as mandatory legislation and whether the regulation ever resulted in an export surplus of wheat.

25. The representative of the Netherlands said that the figure of 35 per cent was bound under the General Agreement as the maximum of the minimum percentage that could be imposed*. The Netherlands authorities did not always impose a 35 per cent minimum; in some recent years the figure had

* N.B. This binding was deleted by the 5th Protocol of Rectifications and Modifications, Torquay, 16 December 1950.
been lower. The minimum percentage was established each year and was a compulsory requirement on the millers. In most years the 35 per cent regulation had proved sufficient to realise the guaranteed price for wheat, but if necessary the Central Purchase Bureau was authorized to buy part of the farmers' wheat crop. The money used for these purchases was obtained from a levy imposed on all imported wheat and wheat flour, and the wheat purchased by the Board was not exported but used for food purposes. It was not possible to state precisely the considerations which had led to the maintenance of wheat production at its existing level. Wheat production had borne the same relationship to production of other crops for several years and there had been no special attempts to stimulate or cut back production. The Government considered it possible to dispose of its own wheat crop within the limit set by the maximum figure of 35 per cent. The Netherlands were large importers of wheat, but had to maintain some wheat production both for strategic reasons and for reasons of crop rotation.

26. Members of the Committee expressed the hope that the Netherlands Government would review the level of its wheat production. In their view, the mixing regulation in combination with the system of guaranteed prices and the imposition of quantitative restrictions, had affected the opportunities of marketing soft wheat in the Netherlands.

27. In reply to questions, the representative of the Netherlands said that the levy on wheat imports was 8 guilders per ton. This levy was used to finance the indemnification paid to millers in the North Eastern and South Western regions of the country who traditionally used home grown wheat for the production of dark bread. Because of the difference in price between home grown and imported wheat, the millers were paid an indemnification of 50 per cent for any domestically produced wheat which they used over the required minimum percentage. One member of the Committee noted that the programme of guaranteed prices for feed grains was not aimed at increasing production of these items. He also noted that despite this, there had been a substantial increase in production of barley and oats over pre-war levels and that there had also been a substantial increase in exports of barley from 41,000 tons in 1954 to 74,000 tons in 1958 and of oats from 26,000 tons in 1954 to 61,000 tons in 1958. The member of the Committee asked whether a system of compensation on exports of barley and oats was in operation, and also expressed his view that the import levy and the guaranteed price system on food grains increased substantially the cost of production of livestock in the Netherlands and imposed a heavy burden on the Treasury and considered that the free import of feed grains and a reduction in the subsidy on domestic grains would be advantageous to the Netherlands economy as a whole.

28. The representative of the Netherlands pointed out that imports of barley and oats had increased substantially over pre-war levels. So far as exports of barley and oats were concerned, there was no connexion between the levy on imported grains and the export prices. The barley exported was of a special type for breweries and the oats were re-exports after processing and both these products sold at prices substantially higher than world export prices.
29. The Committee noted that imports of sugar into the Netherlands had to be compensated by exports of sugar from the Netherlands and pointed out that this was not provided for in the International Sugar Agreement.

30. The representative of the Netherlands explained that part of the Dutch industry was traditionally a refining industry and now received an indemnification on a limited quantity of 80,000 tons of sugar per annum. After the war, new import duties of 19 guilders for raw sugar and 22.80 guilders for refined sugar were imposed and at the same time a guaranteed price at a relatively low level was established for domestic sugar. The Netherlands Government had found that the world market price of sugar plus the import duty was higher than the guaranteed price at home, and the import duty had therefore acquired a prohibitive character which caused difficulties for the refining industry. The Government therefore had adopted the policy of importing the same quantity of sugar as they exported, thus making possible the reimbursement of the import duty and thus enabling the refining industry to import sugar and at the same time making it possible to export on a world market basis products in which sugar was included. As the refining industry had been since the war fully dependent on the export of sugar products it received an indemnification on a limited amount of sugar. The subsidy was restricted to manufacturing for export and played no part in the arrangements for protecting the Dutch sugar beet industry.

31. In reply to questions about the warrant levy charged on imports of sugar, the representative of the Netherlands said that world sugar prices were at present outside the limits of the prices in the International Sugar Agreement. The import duty for sugar had therefore lost the character for which it was intended and the warrant levy was in fact an anti-dumping levy which would be removed when world market prices again rose within the limits of the International Sugar Agreement.

32. Members of the Committee pointed out that, depending on the internal and world prices of sugar, an export subsidy could in certain circumstances be involved when sugar containing goods were exported. The representative of the Netherlands said that the sugar was exported at world market prices; exporters were free to buy sugar from any source they wished and the indemnification went to the refining industry and not to the products.

33. In reply to questions, the representative of the Netherlands informed the Committee that the annual consumption of sugar in the Netherlands was approximately 465,000 tons per annum and that quantitative restrictions applied to all forms of sugar.

VEGETABLE OILS

34. Members of the Committee noted that restrictions were applied by Benelux to the import of castor oil and enquired whether the intention was to give specially favourable treatment to producers in the Belgian Congo and the associated overseas territories of the common market. The representative of the Netherlands said that the restrictions were not maintained to benefit producers in the Belgian Congo or the associated overseas territories but were
retained on both raw and refined castor oil because the producers in the Netherlands were not able to secure castor beans on the same conditions as the processors in the countries which produced castor beans. On crude oil a global quota was in operation for all sources and for refined oil, which was liberalized for OEEC countries, a quota was in operation for countries outside OEEC.

FISH

35. Members of the Committee noted that Netherlands support to the fishing industry was confined to the construction of new fishing vessels through loans from the Netherlands Bank for Reconstruction. They noted, however, that imports of fish were to a large extent conditional on exports which appeared to them to be an unnecessary protection for what was an efficient industry.

36. The representative of the Netherlands stated that the assistance given by the Bank for Reconstruction was a consequence partly of the heavy war damage sustained by the fishing fleet and partly because the fleet was in some respects obsolete and the fishing industry was itself too small to provide the necessary investment. The quantitative restrictions were one of the consequences of the former balance of payments difficulties and the Netherlands Government were at present considering how to adjust the situation to the present circumstances. It would, however, continue to be necessary for some time to come to grant additional protection to the eel fisheries of the former Zuyder Zee area until such time as the fishing population there could turn over to other industries.

37. In reply to questions about the basis on which import quotas were determined and administered, the representative of the Netherlands said that imports were only allowed from countries with whom bilateral quotas had been negotiated and that imports from these countries were permitted whether prices were below or above the minimum prices which were determined by the industry itself. Import licence applications could always be considered for imports from countries other than those with whom quotas had been negotiated but in general the only countries interested in exporting to the Netherlands were the ones for whom quotas had been established.

38. A number of Committee members expressed the hope that it could be taken for granted that all the quantitative restrictions on fish, with the possible exception of eels, would be removed in the very near future.

OTHER COMMODITIES

39. In conclusion, the Committee considered the requests that had been made for the inclusion of additional commodities in the consultations with the Netherlands.

40. The Committee noted that there was a seasonal prohibition on imports of apples between September and mid-March and on imports of pears from September to mid-February; this was contingent on the application of Article 7 of the Benelux Protocol which did not permit liberalization to third countries of products included in List A of that Protocol. One member of the Committee pointed out that the tariff on apples and pears had been bound under the General Agreement and that the value of the tariff concession had been reduced by the restrictions on imports and by the operations of the Fruit Board which were akin to state trading. He asked the Netherlands Delegation whether they could give any indication of their future production plans for these commodities.
He also noted that the Netherlands had given an undertaking in OEEC to establish minimum import prices on behalf of each country that would be able to deliver considerable quantities and asked how this arrangement was intended to work and whether it would be, as it appeared, another form of protection. Members of the Committee asked whether any restrictions were placed on imports from areas other than OEEC outside the period of seasonal prohibition.

41. The representative of the Netherlands confirmed the statement he had made earlier in the consultations that the import arrangements arising from Article 7 of the Benelux Protocol were under review. It was not so much the intention of the Netherlands Government to expand production of apples as to aim at modernization of production which involved the reconstruction of old apple producing areas to bring them into line with the new areas of production in the Netherlands. The representative of the Netherlands said that the aim of the Netherlands in the proposal they had made to OEEC was that minimum price systems should be used in place of the often more rigid systems of import control in use at the present time among OEEC countries.

42. Members of the Committee asked how the minimum prices were to be established and whether these prices were to be maintained through an import levy or were imports only to be permitted if they reached the minimum price level. It appeared that if the latter provision were to operate the effect would be the same as quantitative restrictions. The representative of the Netherlands said that whether or not minimum prices were as rigid as quantitative restrictions depended on the level at which the minimum price was set. The Netherlands Government had proposed in OEEC that the minimum prices should be set at rather a low level in order to promote competition. A minimum price based on 40-60 per cent of production costs was in force for the Netherlands home market, and the Netherlands Government considered that minimum prices below production cost could serve for international trade also. At the present time there was no common opinion in OEEC as to how this level should be fixed.

43. The representative of the Netherlands stated that there were no additional restrictive measures on imports of apples and pears from areas outside OEEC.

44. One member of the Committee expressed sympathy with the Netherlands who, as traditional exporters of eggs, had encountered great difficulties in their overseas markets for this commodity and asked to what extent the Netherlands Government had in mind the adaptation of production policies. The representative of the Netherlands said that the policy of the Government was not aimed at the extension of production but at lowering production costs and encouraging the production on specialized egg farms. In reply to questions about import restrictions and guaranteed prices, the representative of the Netherlands said that there were no additional restrictive measures on imports of eggs from areas outside OEEC. There was no guaranteed price for eggs and the Government did not intervene in home market prices.