Committee II - Expansion of Trade

DRAFT REPORT OF WORKING PARTY ON PLANS AND PROCEDURES
FOR CONSULTATIONS ON AGRICULTURAL POLICIES

1. These consultations should be focussed on the effects of agricultural policies on international trade with a view to promoting the fullest understanding of mutual problems and the maximum expansion of trade in accordance with the objectives of the General Agreement. With these considerations in mind the Committee, in accordance with their terms of reference, have considered procedures for consultations between all contracting parties. They suggest that the following procedures would be appropriate.

2. Each contracting party should consult in its turn. As each country presented itself for consultations there would first be an examination of its general agricultural policy followed by more detailed questioning and discussion of its policies in relation to specific commodities. Whilst the consultations would be directed to the whole range of the agricultural policy of consulting countries it would be desirable, without excluding any particular product which is of interest to other contracting parties, to concentrate on those products which enter importantly into international trade and are the subject of restriction in the consulting country, such as wheat and wheat flour, maize, barley, rice, sugar, meat, butter, cheese, eggs, tobacco, cotton, wool and fish. In order to assist the consulting country in its preparation it should be indicated to it in advance by other consulting countries those products on which the consultations would be particularly concentrated. The Committee would expect that consultations carried out on these lines would provide a reasoned picture of the types, extent and effects of the protective measures employed in respect of the import agricultural commodities entering into international trade and at the same time of the agricultural policies of the individual countries as they affect production or trade.

3. The consultations would not be restricted to a factual examination but would provide an opportunity for the frank exchange of views about the problems which the consulting country sought to solve through its agricultural policies, the reasons for its choice of the particular types of measures used, the effects of these measures on the trade of other contracting parties and upon its own economy, and the scope for and prospects of modifying these policies where they constituted a barrier to international trade. In the course of the consultations special attention would be given to non-tariff measures which tend to nullify or impair the effectiveness of tariff concessions. The material collected in the consultations would serve as part of the basis for the further work of the
Committee under that part of its terms of reference which relate to consideration of the extent to which the existing rules of GATT and their application have proved inadequate to promote the expansion of international trade on a reciprocal and mutually advantageous basis as contemplated in Article I (revised) and the obligation to report on the steps that might appropriately be taken in the circumstances.

4. The consultations would be initiated after the most thorough preparations and would be conducted (a) on the basis of background papers supplied by each consulting country and based on the country papers prepared for the Committee, (b) on the basis of additional material of factual information and analysis now in prospect, and (c) on the basis of a Plan for Consultations which would be in the hands of all contracting parties including the consulting country. Discussion would not, of course, be restricted to the topics included in the Plan; but it would serve as a guide for the conduct of the consultations. A suggested Plan is annexed to this Report.

5. It is suggested that the CONTRACTING PARTIES should appoint Committee II to conduct the consultations and to appoint a Vice-Chairman to assist the Chairman of the Committee. The Committee would report to the CONTRACTING PARTIES at the end of this round or might report progress earlier if this seemed desirable. In the light of the experience so acquired, Committee II will suggest to the CONTRACTING PARTIES procedures for further rounds of consultations.

6. Whilst the objective should be to complete the consultations with all contracting parties over the next twelve months the Committee suggest that a start should be made by consulting with major industrial countries as soon as possible after the Fourteenth Session on the basis that adequate preparations would have been completed. It will doubtless be necessary to conduct the consultations in more than one group spread over the rest of the coming twelve months but the final time-table should be decided by the CONTRACTING PARTIES in the light of the rest of their work programme.

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1 The additional material is:

(a) GATT document COH.II/J.1 of 2 March 1959
   (Statistical Studies and Measurement of Agricultural Protection - Note by the Executive Secretary);

(b) Material from the April 1959 meeting of the FAO Panel on Agricultural Price and Support Policies;

(c) Any studies or analyses that might be undertaken by individual contracting parties.
ANNEX A

PLAN FOR CONSULTATION

The consultation with each contracting party should be conducted broadly on the basis of the following plan and of the background information described in Annex B. Discussion will not be restricted to the topics included in the plan, nor need the plan itself be followed slavishly.

A. General Agricultural Policy

(i) General characteristics and objectives of the country's agricultural policy.

(ii) If a particular technique of protection or support is generally applied, the reasons for its choice.

(iii) Effects:

(a) on the economy of the country being consulted;
(b) on trade of other contracting parties.

(iv) Any major changes of policy recently made or in contemplation.

(v) Extent to which the country's system now provides for measures which would reduce the need for protection in agriculture:

(a) Measures now in effect;
(b) Prospects for reduction of general level of protection;
(c) Prospects for adoption of alternative measures.

B. Commodities

(i) Purpose of present measures.

(ii) Effects of present measures:

(a) on home production;
(b) on home consumption;
(c) on level and pattern of imports;
(d) on level and pattern of exports.

(iii) Reason for choice of particular type of measure chosen.

(iv) Intentions in regard to the maintenance or modification of the existing measures.

(v) Prospects of:

(a) reduction of level of protection;
(b) the adoption of alternative measures having less harmful effects on international trade.
BACKGROUND INFORMATION TO BE SUPPLIED BY COUNTRIES BEING CONSULTED

Much of the background material that will be required as a basis for the consultations is already included in the country papers prepared by the secretariat for the Committee. Further information is also available in the background documents supplied in connexion with consultations under Articles XII and XIV and in the annual reports supplied under Articles XVI and XVII of the GATT and under various waivers. Relevant statistical material is also available in the secretariat document COM.II/W.2. In so far as it has not already been supplied in one of these documents, information of the kinds indicated in COM.II/1 and as indicated below should as far as practicable be supplied for incorporation into the country papers. In so far as the information has been so supplied there is no need to repeat it but reference to the relevant report will suffice. The additional information should be supplied to the secretariat in time for circulation not less than one month before the date fixed for consultation with the country concerned.

The following information should be provided for each of the commodities on which consultations are requested (see paragraph 2 of the Working Party Report).

1. Definition of product - Tariff Item No.

2. Tariff measures:
   (a) provisions of tariff;
   (b) whether subject to a concession under the GATT.

3. Non-tariff measures:
   (a) brief description of agricultural policy and objective in respect of product;
   (b) description of any methods of protection or support employed other than those described in items 6 - 8 below;
   (c) extent of Government participation in (b).

4. Quantitative Restrictions (information as requested in COM.II/1).

5. State Trading (information as requested in COM.II/W.4)

In addition, information requested on:

Whether supplies are freely made available to meet the full domestic demand at import parity plus a k-up.
6. Subsidies on domestic production:
   (a) amount of direct subsidy per unit;
   (b) total budgetary allocations for each of the last three years for which statistics are available;
   (c) price per unit of production;
       (i) when sold on the home market in wholesale quantities;
       (ii) when exported.

7. Export subsidies:
   (a) amount of direct subsidy per unit;
   (b) total budgetary allocation for each of the last three years for which statistics are available.

8. Level of protection:
   (a) guaranteed price or return (if any) to farmers;
   (b) price per unit of product;
       (i) when sold on home market in wholesale quantities;
       (ii) of the like imported product before duty is charged;
       (iii) any further information that might indicate the degree of protection afforded.

9. Statistical information (where not elsewhere covered) - imports and exports, level of home production (actual and as percentage of total home consumption) for:
   (i) two representative pre-war periods (1925-1929 and 1934-1938);
   (ii) a representative post-war period (each of the last five years for which statistics are available).