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 consultat­
ions 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 agri­
cultural 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 countries being consulted it would be
desirable, without excluding any particular product which is of major interest to
other contracting parties, to concentrate on those products which enter importantly
into international trade. In order to assist the country being consulted in its
preparation it should be indicated to the secretariat in advance by other consulting
countries those additional 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 also provide an opportunity for the frank exchange of
views about the problems which the country being consulted 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 those
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 relates 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 on the basis of:

(a) background papers, based on the country papers prepared for the Committee and on the additional information requested in Annex B, supplied by the country to be consulted;

(b) additional material of factual information and analysis now in prospect;

(c) a Plan for Consultations which would be in the hands of all contracting parties including the country being consulted.

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 appoint a Vice-Chairman to assist the Chairman of the Committee; any contracting parties which were not members of the Committee, but which were interested in one or more of the consultations would be entitled to be represented and participate fully in the discussions. 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 assuming that adequate preparations had 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 referred to in:

(a) GATT document COM.II/W.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 pertinent studies or analyses that might be undertaken by individual contracting parties or international organizations.
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.
ANNEX B

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 (appended) 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 additional general information should be provided:

(a) Total cost of government support programmes for each of the last three years for which statistics are available.

(b) Farm net income for the same years as in (a) above (if not available report total value of farm production).

Note: The cost of support programmes should include direct and indirect production and export subsidies and losses on price support operations but would exclude the costs of research, education and normal service operations by government on behalf of agriculture.

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) (appended).
5. Exchange practices:

Details of any exchange practices which have the effect of restricting imports or stimulating exports of specific agricultural products.

6. State trading (information as requested in COM.II/1) (appended)

In addition, information requested on:

Whether supplies are freely made available to meet the full domestic demand at import parity plus mark-up.

7. Subsidies on domestic production:

(a) amount of direct subsidy per unit;
(b) net government expenditure 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.

8. Export subsidies:

(a) amount of direct subsidy per unit;
(b) net government expenditure for each of the last three years for which statistics are available.

9. 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.

10. Statistical information (where not elsewhere covered) - imports and exports (quantity and value), 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).