Conciliation and settlement of trade disputes are crowding the agenda of several Tokyo Round committees. The upsurge of disputes has forced these committees, which normally meet only twice or three times a year, to hold special meetings to consider the complaints.

The Subsidies Committee has established three dispute-settlement panels in the past months and has conciliated one dispute. Two panels have been created in the past two meetings of the Government Procurement Committee. The Anti-Dumping Committee will soon consider a request for a panel.

These GATT Committees administer the various agreements established at the end of the Tokyo Round in 1979 as part of a broad attack on non-tariff measures. Many of the agreements have their own dispute-settlement mechanisms.

Several of the areas covered by the Tokyo Round Agreements - subsidies, anti-dumping measures, technical barriers to trade, customs valuation, and others - are subject to extension or amendment in the Uruguay Round, mainly in the negotiating group on Rule-Making and TRIMs. The negotiating group on Institutions is also looking at proposals to fuse the various dispute-settlement mechanisms in the GATT into one streamlined system.

Dispute over Airbus

The most controversial trade dispute before the Tokyo Round committees concerns a United States' complaint against alleged subsidies by a consortium of European Community members to the launching and production of Airbus civil aircraft. On 26 September, the Subsidies Committee attempted to conciliate this dispute. In accepting conciliation, the European Communities stressed that its rights under the Civil Aircraft Code should also be respected. It proposed that the United States resume bilateral negotiations on the Airbus dispute in parallel with the launch of multilateral negotiations for improvement of disciplines in the Civil Aircraft Agreement.

This is the second dispute concerning Airbus that had been brought to the Subsidies Committee. In March, it established a panel to examine an earlier US complaint - that concerning a German exchange-rate insurance scheme for Deutsche Airbus (see FOCUS No. 80). In this case, the EC also stressed that the provisions of the Civil Aircraft Code were more relevant.

Two other current panels, established by (Continued on page 8)

Watchmaking in Geneva: GATT members observed that Switzerland’s economic strength and vitality derived from its high degree of integration in international trade (see page 5).
Trade policies of Norway, Switzerland and Nigeria reviewed

In early autumn, the Council held special meetings under the Trade Policy Review Mechanism (TPRM) to review the trade regimes of Norway (24-25 September), Switzerland (25-26 September) and Nigeria (1-2 October).

The following are the Chairman’s summaries of the discussions. The section on Nigeria will appear in the next issue.

NORWAY

Members of the Council commended Norway for its commitment to an open, stable trading environment, its generally liberal trade policy orientation and its consistent support for the fundamental principles of the multilateral trading system through its participation in GATT and the Tokyo Round Codes. Although Norway accounted for less than one per cent of world merchandise trade, the country played a leading role in world trade, especially in sectors such as petroleum and certain metals, as well as in services such as shipping. Members also recognized the high priority given by Norway to the successful completion of the Uruguay Round. Norway saw further European integration not as a substitute for, but as a complement to, the multilateral negotiations.

The Norwegian economy, increasingly dependent on petroleum revenue since the mid-1970s, had experienced a period of painful economic adjustment after the decline in oil prices in 1986. Against this background, Council members welcomed continued reform and deregulation affecting such areas as textiles, steel and fisheries, as well as the liberalization of foreign exchange transactions.

Overall, Norway’s trade policies were moving in a positive direction. Its markets were generally open, with few, but significant, exceptions. Norway’s trade system was broadly transparent. M.f.n. tariffs were mostly low and bound at existing applied rates. Anti-dumping and countervailing measures had been very rarely used, because Norway had interpreted very strictly the rules and procedures of the relevant Codes. The duty-free treatment, without limitations, extended to products covered by Norway’s GSP scheme - one of the most comprehensive amongst developed countries - was welcomed, although utilization of preferences was low. Norway recognized the dynamic role of trade in economic development and transformation through participation in trade arrangements with third countries, including African countries and those in central and eastern Europe.

Concerns

In examining Norway’s existing trade policies and practices, members of the Council raised a number of concerns:

- The share of imports from m.f.n. sources was low, only some 15 per cent. Most of Norway’s imports were from preferential sources, including EFTA members, the European Communities and GSP suppliers. This should not call into question Norway’s adherence to the m.f.n. principle or to GATT articles. However, the longer-term implications for the trading system raised in this, and other, cases of widespread preferential trading arrangements should be given fuller reflection by contracting parties.

- Trade policies relating to agriculture were conducted on a very different basis from those concerning industrial products. Levels of assistance to agriculture in Norway were among the highest in the world, with substantial budgetary transfers supported by a complex and restrictive trade regime, including specific and seasonal tariffs, licensing procedures, quantitative restrictions, State trading practices, health and sanitary regulations and export subsidies. Target prices established within Norway, which appeared to take little account of developments in domestic and international markets, gave wrong price signals to farmers. Subsidized exports of meat, eggs, dairy products and certain vegetables contributed to depressing world markets and affected efficient agricultural exporters. The concept of food security, which had recently been reaffirmed in the Alstadheim Committee report, was questioned.

- With regard to import licensing of agricultural products, it was observed that, although imports of some products could be allowed freely under certain conditions of shortfall in domestic supply, these conditions were generally never met in practice. Moreover, the sporadic opening of licences for certain agricultural products gave little scope for sales from distant or small exporters.

- Restrictive sanitary and phytosanitary regulations virtually precluded imports of live animals and plants from many countries. In this connection, Norway’s adherence to a “no risk” policy as opposed to a “scientifically justified managed risk” policy was questioned by some members. Particular reference was made to Norway’s ban on imports of wood products from certain countries.

- Information was sought regarding the procurement policies of Norway’s State trading enterprises for grains, wine and spirits; in particular whether new, competitive suppliers could gain access via open tendering procedures. One participant expected issues relating to State trading in grains and pharmaceuticals to be resolved in the agreement on a European Economic Area.

- Norwegian standards and technical regulations were generally based on international norms. However, concern was expressed about regulatory procedures in telecommunications, which were costly and affected a wide range of equipment.

Specific questions

Among other specific questions raised were:

- The representation of Norwegian con-
Members questioned the high proportion of preferential arrangements in Norway's trade.

- Conditions of access for apples and pears, where one member considered Norway's policy not yet in conformity with GATT rules.
- The effect of the expected European Economic Area on access for third parties to Norway's market, in particular the possible extension to other countries of improved access for agricultural products granted within the EEA.
- The effects on world markets of subsidies to the fishing industry, given Norway's leading position in world fish trade. Information was sought on recent derogatory measures in Norwegian fish exports.
- The value to Norway of restrictions maintained under bilateral agreements on textiles and clothing, when over 80 per cent of imports in restricted product categories were from unrestricted preferential sources.
- The possibility of the extension of GSP treatment to new commodities.
- Government procurement practices relating to specific sectors, i.e. supplies to the petroleum industry and electronic equipment for motorway tolls.

Members welcomed the review being undertaken by Norway of its agricultural policies, and Norway's expressed offer, within the Uruguay Round, of "tarification" of import restrictions with a view to later reductions. Concern was, however, expressed regarding the levels of tariffs which might be introduced, as well as the "corrective factor" proposed by Norway.

Norway's reply

In reply to these comments, the representative of Norway stressed his country's consistent support for a multilateral trading system providing for an open, liberal and predictable trading environment. Norway was an open economy with a high dependence on foreign trade. Trade was an important means of promoting growth and structural adjustment domestically.

In agriculture, excluding fisheries, Norway was a net importer of food and did not produce sugar and protein feedstuffs as a result of political decisions. Budget transfers to exports were insignificant. Production control, an integral part of agricultural policies, aimed to limit production to domestic demand.

The Government was preparing its White Paper to Parliament based on the Alstadheim report, submitted in December 1990, and comments received on it. The Parliamentary debate on Norway's future agricultural policies would take place in spring 1992. Food security, proposed in the report as an overriding objective for Norwegian agricultural policies in the future, implied that future agricultural production and resource management should be consistent with sustainable development. This had consequences for regional development and overall production. The broad aim of food security must be seen in conjunction with that of reducing overall costs of agriculture.

Under the price based import system for meat, aimed at maintaining stable domestic prices, limited quantities of imports could be licensed. Prices, had, however, not risen to the level which triggered free imports because of effective market regulation by the two major meat distributors.

A quota for sheepmeat dated back to the establishment of EFTA. In practice, it had been allotted to Iceland based on historic imports.

Norway's State-trading enterprises for grain, wines and spirits operated on a non-discriminatory, commercial basis. Purchases by the Grain Corporation were made on open tenders. Bids were made on the best offer, price or conditions. Purchases of wines and spirits were carried out in a non-discriminatory way.

A proposal had recently been made to involve consumer interests in the yearly domestic agricultural negotiations. No decision had, however, yet been taken.

An interministerial committee was currently reviewing the import régime, in ter alia, in light of the Uruguay Round and was expected to report at the end of 1991. An early result in the Uruguay Round could be taken into account. Norway's initial, conditional offer in the agricultural negotiations implied a significant transformation of its import régime. Further elaboration of the offer would depend both on the direction of the negotiations and on the domestic debate concerning future Norwegian agricultural policies. Norway fully supported the ongoing negotiations on agriculture in the Round and was ready to contribute to a successful outcome which should include stricter GATT rules and disciplines. Norway had, however, also consistently stressed the importance of non-economic objectives.

Stringent import measures had been introduced in order to maintain Norway's favourable zoosanitary and phytosanitary status. Regulations were based on scientific evidence and did not differ greatly from international standards. Further harmonization could be expected as a result of the ongoing EEA negotiations. The exemption from certification for some horticultural products during the winter was made possible by the harsh climate, which effectively prevented the spread of diseases and pests.

Norway was acutely aware of the importance of technical standards for international trade. Common international standards were concluded in order to avoid barriers to trade. A cooperative research effort had been undertaken among the Nordic countries participating also in order to establish whether nematodes found in Canada would pose a danger for Nordic woods. Norwegian import regulations would be reviewed in the light of the results of the research project. The OECD study on type approval costs for telecommunications was misleading, with cost data among countries not comparable.

Norway followed common European standards in the area.

Norwegian imports of fish and fish products were generally unrestricted. The only product subject to import licensing was mackerel: all other fish and fish products entered freely with zero or very low duties. The import licensing for mackerel was liberal: imports in 1990 amounted to more than 37,000 tonnes.

Government support to the sector was not comparable to those given to agriculture and the aim was to reduce and eventually eliminate this support. Norway has committed itself to dismantling all trade distorting support by January 1993.

Norwegian fish exports currently faced market access barriers, in the form of tariff escalation with the EC and quantitative restrictions in South East Asia. Norway had therefore given strong support to the United States "zero-zero" initiative for the
Norway in world trade

Norway is a small economy, with a share of under one per cent of world merchandise trade. Its merchandise trade to GDP ratio is 27 1/2 per cent. In addition, Norway has substantial trade in certain services, in particular shipping. Most manufacturing sectors are open to international trade; however, agriculture, most services and certain manufacturing activities are not directly exposed to foreign competition. According to Norwegian statistics, export-oriented and import-competitive industries together account for 19 per cent of gross output and 11 per cent of GDP.

Crude petroleum, by value 80 per cent oil and 20 per cent natural gas accounts for more than 40 per cent of Norway's merchandise exports. In addition, Norway exported petroleum products worth nearly NOK 10 billion (4.7 per cent of exports) in 1990. Metals - aluminium, ferro-alloys, zinc, nickel and iron and steel - form the largest product group of non-fuel exports. Other natural resource based products such as chemicals, pulp and paper and fish are also major export items. Fruits and vegetables (prominently merchandise exports and imports because of the large Norwegian merchant fleet. Norway's exports are generally characterized by a lower degree of processing than imports. The major product groups in imports are transport equipment, including ships, aircraft, passenger motor vehicles and lorries. Durable consumer goods, textiles, clothing and footwear and pharmaceuticals are other major imports.

Norway is, overall, a net importer of agricultural products, particularly grains, sugar and tropical products; however, imports of locally produced crops and other farm products are very low. Norwegian sales of crude oil are limited to the North Atlantic Basin because of the transportation costs. Natural gas is sold on long-term contracts to countries in the EC. Norwegian non-fuel trade is also concentrated towards the OECD area, in particular countries in Northern and Western Europe. The EC is Norway's major trading partner, accounting for nearly 50 per cent of imports and more than 55 per cent of non-fuel exports. Trade with the Nordic EFTA partners represents almost 20 per cent of non-oil exports and imports. Excluding ships, trade with developing countries accounts for just over eight per cent of Norway's merchandise imports and around seven per cent of exports. Norway has generally not traded extensively with countries in Eastern and Central Europe.

Norway has gone through a period of painful economic adjustment since oil prices declined in 1986. Monetary and fiscal policies have been tightened. Gross fixed investment in mainland Norway declined by one quarter between 1987 and 1990, the greatest peacetime fall since the 1930s. The effects of domestic recession have been evident in the labour, financial and real estate markets. An unemployment rate of five per cent (eight per cent if people on labour market schemes are included) may not be high by OECD standards, but it represents a postWAR peak for the Norwegian economy. Inflation, a recurring problem since the mid-1970s, has fallen to an annual rate of below four per cent, lower than in most of Norway's trading partners. Surpluses have been restored in the merchandise trade balance and current account. However, much of the improvement is due to higher export volumes of crude oil.

Two main objectives of current economic policy are to increase employment and reduce Norway's dependence on petroleum revenue. The net Government cash flow from petroleum has been transferred into a new State Petroleum Fund since the beginning of 1991. The Fund is not expected to reduce Norway's dependence on oil in the short term, but may have a longer-term disciplining effect. As long as weakness persists in domestic demand, any increase in employment will have to come from Norway's export- and import-competitive sectors. Thus far, these sectors have shown few signs of expansion.

The Council welcomed efforts by Norway to reconsider the level and nature of farm support policies...
Council members commended Switzerland for its important role in the GATT system and in the Uruguay Round. It was recognized that the country’s economic strength and vitality derived to a considerable extent from its high degree of integration in international trade. For some members, Switzerland was a model of economic development and stability which merited closer emulation. By the same token, it was emphasized that the country’s economic achievements involved a particular responsibility for maintaining and strengthening the multilateral trading system.

Switzerland’s trade policy in the industrial sector was outward-oriented, transparent and predictable, based on a well-structured system of clear rules. This open approach had proved of benefit to the adjustment of Swiss industry and was considered a central element in the country’s leading economic position.

In ad valorem terms, average tariff levels on industrial products were the lowest in the OECD area. Moreover, there were almost no quantitative restrictions or licensing requirements, except for reasons of health and environmental protection, national security and the like. Some members, however, pointed to the distortions inherent in Switzerland’s exclusive reliance on specific duties, which contained a systemic bias against relatively cheaper and heavier imports. There were also tariff peaks, for example on textiles and clothing.

Members also commended Switzerland for never having used safeguard measures under Article XIX, or anti-dumping or countervailing duties, on industrial products. Nor had Switzerland, although a signatory to the MFA, concluded any restrictive bilateral agreements or implemented unilateral quantitative measures under the Arrangement. In addition, Switzerland had refused to undertake any export restraint arrangements on industrial products and had refrained from launching any such initiatives.

Attention was drawn to the low share of m.f.n. in overall trade. More than four-fifths of Switzerland’s total imports came from preferential sources. In the context of European integration, this share was expected to rise even further. While not calling into question Switzerland’s support for the multilateral system, members suggested that the longer-term implications of regional commitments for the country’s basic trade policy orientation and its external repercussions should be examined more fully. Several participants emphasised the need for the integration process to be open and predictable and hoped that its benefits would also extend to other countries.

In relation to the Swiss GSP scheme, the hope was expressed that its product coverage could be extended, in particular in the agricultural area. It was noted, in this context, that Switzerland’s trade with non-OPEC developing countries was in large...
Switzerland's agricultural policy was based on a variety of economic and non-economic objectives, such as food security as well as cultural and environmental considerations. The concept of food security, as interpreted by Switzerland, was questioned in the light of patterns of international trade and integration and its effects on competitiveness. Some members failed to see how the concept could be applied to all highly protected farm products, including wine and fresh flowers. Further clarification was also sought on Switzerland's intentions with respect to agricultural policy reform, the treatment of agriculture in the context of a European Economic Area and any resulting trade effects for third countries.

Switzerland's reply

In reply, the representative of Switzerland said that for many years there had been continuous growth in the Swiss economy, with high levels of investment, productivity and capacity utilization. The Swiss economy had shown great capacities for adjustment and adaptation. Unemployment and inflation had been kept low. The general world economic slowdown had affected Switzerland since the second half of 1990. The recession had been moderate, although the increase in unemployment and inflation had risen, but a recovery was expected to begin in 1992.

Closer integration within Europe was an important element of Switzerland's trade policy. However, statistical data overstated the concentration of trade with European partners, because of the importance of transit trade. The poor economic situation in Africa and Latin America and recent developments in eastern Europe had led to stagnation of Switzerland's trade with these areas. By contrast, trade with other European countries and the United States had been growing by between 7 and 10 per cent annually, and trade with Japan, other Asian markets and Turkey had increased even more rapidly.

The principle of "subsidiarity" had economic and political elements. The State would only intervene, as necessary, when exporters could no longer overcome foreign trade barriers. At the political level, the Confederation could deal only with those functions which had been expressly delegated to it by the cantons.

While the Swiss economy had been highly cartelized in the 1930s and 1940s, the Secretariat report, as well as certain statements by Council members, overstated the current importance of cartels in Switzerland. Most such arrangements had vanished over time under the impact of trade liberalisation, increased import competition and new market entrants. The only large cartel which continued to exist served to regulate price margins for pharmaceuticals. It was tolerated for health policy reasons. Foreign companies were allowed to participate on equal terms.

There was no known case in recent years where cartels had been successful in barring new market entrants. The only large cartel which continued to exist served to regulate price margins for pharmaceuticals. It was tolerated for health policy reasons. Foreign companies were allowed to participate on equal terms.

The new Cartel Act of 1986 was, in substance, not fundamentally different from EC law, apart from the area of merger control. It had already proved its efficiency, for example in dissolving cartel arrangements in the banking and insurance sectors.

Switzerland was not unique in having difficulties regarding trade in agricultural products. The representative of Switzerland recalled that Swiss agricultural policy contained both economic and non-commercial elements, including food security, environmental protection and the conservation of small-scale agriculture. Food security was regarded as an element of Switzerland's sovereignty in times of crisis. The concept included the maintenance of an adequate basis for production in terms of land, seed and know-how, as well as the contribution of agriculture to social well-being, in particular in the housing sector. Switzerland's agricultural policy was regarded as an element of Switzerland's mental protection and the conservation of agricultural heritage. The representative of Switzerland sought on Switzerland's intentions with respect to agricultural policy reform, the treatment of agriculture in the context of a European Economic Area and any resulting trade effects for third countries.

Switzerland in world trade

Until the mid 19th century, Switzerland's lack of natural resources and unfavorable conditions for farming limited the possibilities for economic development and growth. It was not until the emergence of international manufacturing and services activities, including trade, finance, investment and tourism, that Switzerland's economy began to expand rapidly.

Modern day Switzerland is among the richest OECD countries. Its per capita income, 45,400 Swiss francs in 1989, outstrips those of the United States and Canada by more than one quarter. Exports and imports of merchandise are each in the order of 30 per cent of GDP. Exports of services of almost 15 billion Swiss francs (1989) compare with imports of over 13 billion Swiss francs.

Swiss industry, while covering a wide range of manufacturing sectors, is highly specialized. Intra-industry trade thus plays an important part, for example in machine tools, where Switzerland is the world's third largest exporter and imports account for two-thirds of domestic sales. In addition, as the domestic market is small, many typical Swiss industries are highly outward-oriented; for example, the home market for watches accounts for less than one-tenth of total sales in the sector.

The EC is by far Switzerland's largest trade and investment partner. Preferential trade with the EC, under the free trade agreement of 1972, accounts for over 70 per cent of Switzerland's merchandise imports and nearly 60 per cent of its exports. Germany is the largest market and supplier. Half of Switzerland's outward investments between 1986 and 1989 were destined from the Community.

Many economic indicators, including Switzerland's continuing low unemployment levels, give a general impression of economic strength. However, there are qualifications:

- Growth in GDP has been lower than in other European OECD countries or the OECD area as a whole; on average over the 1980s, two per cent as against 2.4 per cent in the European OECD countries and three per cent in OECD area as a whole.

Inflation has increased to historically high levels (over five per cent in 1990). Monetary expansion has, to some extent, been supported by indexation, particularly in the housing sector.

Swiss industry appears to have lost ground in advanced product areas. The trade surplus in high technology sectors has tended to shrink, at least since the early 1960s.

Many domestically oriented branches - agriculture, construction and elements of the public sector (telecommunications, railways, electricity) - appear to be less efficient than industries producing tradables.

Income comparisons at current exchange rates thus tend to overrate living standards in Switzerland. In terms of GDP per head at purchasing power parity, the country ranked behind the United States and Canada in 1989.

There was an intense debate in process in Switzerland on agricultural policy. Both internal and external pressures were evident. However, there was a consensus on the fundamental economic and social objectives of agricultural policy. At the same time, Switzerland recognized the need to adapt its policy instruments to the progressive liberalization of international farm trade. This adaptation would be founded on four main elements: a more restrictive price policy, revision of relevant laws, the possible introduction of direct compensatory payments, and a substantial reduction of tariffs and partial tariffication of NMs. This last element had been put forward as Switzerland's offer in the Uruguay Round agricultural negotiations. Certain tariffication measures would already have been introduced in 1992. Much would depend on the results of the Uruguay Round negotiations and political will in Switzerland to implement the agreement.
The Swiss delegation welcomes a short break during the review. (Photo Tania Tang/GATT)

Round and of Switzerland's negotiations with the EC.

Overall, 65 per cent of nutritional needs were covered by domestic output. However, there was onl one sector (milk) in which production in Switzerland exceeded domestic demand. Cheese was exported at subsidized rates, but the export prices were still higher than those of comparable foreign cheeses. For bottled white wine, a quota had been introduced in 1975 as an emergency measure; this had been notified under Article XIX of the GATT in 1976 and was discussed regularly in the Working Party on Switzerland’s Protocol of Accession.

Some 80 per cent of Swiss standards were in line with international norms. Standards and technical regulations were not used for industrial policy purposes and, except for cars and tractors, there were no product areas where Swiss-specific requirements could impede direct imports by consumers. The costs of type approval for telecommunications terminal equipment were now substantially lower than indicated in the Secretariat report.

Switzerland’s export-risk guarantee system, based on the principle of self-financing, had been revised in 1989 with the objective of introducing differential premiums corresponding better to market conditions. The new system was highly restrictive; developing countries had already approached the Swiss administration to make its application more liberal. The deficit of the system was covered by repayable loans at concessional rates from the Confederation. Spending on export guarantees had fallen from Sw F 25 billion to Sw F 8.5 billion between 1980 and 1989.

The representative of Switzerland noted that EFTA countries were presently negotiating free-trade agreements with Hungary, Poland and the Czech and Slovak Federal Republic which, he hoped, would be a promising basis for future development of trade with these countries and would complement the results of the Uruguay Round.

It was true that most agricultural products were excluded from the coverage of Switzerland’s GSP scheme. However, preferences were extended on 110 four-digit items out of 207, with some duty free. Some preferences went further than those extended to the EC. Given the low level of Swiss tariffs, the absence of preferences was unlikely to be a major trade barrier and did not discriminate in favour of EC and EFTA sources, which did not receive preferences in agriculture. Utilization of GSP, if precious stones and metals were excluded from account, was around 65 per cent, comparable to other OECD countries. Similarly, it was evident that the more advanced and diversified beneficiaries would take the lion’s share of GSP exports. The representative of Switzerland recalled that the GSP was originally established to assist industrial diversification in developing countries.

Textiles and clothing originating in EFTA countries and processed in Hungary did not benefit from preferential treatment in the EC. EFTA countries had requested the elimination of this discriminatory measure in their negotiations with the EC and hoped that Hungary would benefit from it. The level of imports from developing countries into Switzerland depended entirely on consumer taste. In this connection the statistical distortion mentioned above was also of some relevance.

The representative of Switzerland recalled that disparities in income levels between urban and rural areas had grown, particularly since 1975. These disparities were at the root of Switzerland’s regional policies, which were correctly described in the Secretariat report. Regional policy only defined general criteria for assistance and did not specify particular firms or economic sectors. Regional assistance was modest, at some Sw F 6.2 million in 1990.

In law, the cantons had a certain leeway to grant subsidies. However, there were major financial constraints. Subsidies extended by the cantons were less than 0.01 per cent of GDP and amount ed in 1989 to around Sw F 47 million. Nine of the 26 cantons had no subsidy régime.

Federal legislation on public procurement was compatible with the relevant obligations under the GATT Code. There was no discrimination between signatories and non-signatories to the Code. In the context of the Uruguay Round, Switzerland aimed to extend the Code coverage to new sectors, including telecommunications, and to regional entities. In the telecommunications area, major steps towards liberalization and privatization were imminent, including the abolition of the PTT monopoly on terminal equipment and telecommunications services, with the exception of simple voice transmission, and the creation of an independent institution to tackle regulatory issues.

Switzerland’s law on films was to be revised. Internal consultations were in progress to this end. There was a large consensus on the need for reform and in particular for the suppression of film quotas.

In reply to comments on the use of specific duties, the representative of Switzerland said that tariffs were extremely low. Two-thirds of imports entered at rates equivalent to less than 2 per cent. Even low-cost and heavy products only paid a minimal tariff. While there was some dispersion of tariffs, this must be read against the very low average level. Overall, more than 91 per cent of tariff lines, covering 93 per cent of imports, were bound under GATT. The existence of tariff escalation was one of the principal reasons why Switzerland had proposed in the Uruguay Round negotiations a harmonization formula for the reduction of tariffs. Switzerland’s offer covered textiles and clothing on the basis of a strongly harmonizing formula. Switzerland expected equivalent contributions from its trading partners.

The concept of “sufficient working or processing” under rules of origin was applied according to two principles: value added or a change in tariff position. Switzerland could supply details on the rules of origin applicable under the free-trade agreement with the EC. The aim of EEA negotiations in this field was not to create new rules of origin but to simplify existing rules; there would, therefore, be no need for transitional arrangements.

Conclusion

In conclusion, the Council recognized Switzerland’s leading rôle and responsibility in maintaining and extending an open, rule-based multilateral trading system. Switzerland’s prosperity testified to the benefits to be derived from stable, outward-oriented economic policies and a high degree of international market integration.

The Council expressed the expectation that Switzerland, in participating in closer European cooperation, would contribute to ensuring its continuing openness to the international economy, consistent with the basic principles of the GATT.

The Council encouraged the Swiss authorities to pursue the liberalization of highly-protected sectors, in particular agriculture. It acknowledged the steps that had been taken in the field of competition policy and emphasized the need for continuing close links to be maintained and developed between domestic and external free trade.
Trade disputes

(Continued from page 1)

the Subsidies Committee, are examining the following disputes:

- **Norway/United States**: US countervailing measures on imports of fresh and chilled salmon from Norway. Norway has charged that the United States had imposed excessive countervailing duties while failing to determine whether its domestic industry had been injured by the allegedly subsidized imports. The panel on this dispute was established on 26 September.

- **US/Canada**: Countervailing measures against grain corn from the United States. The United States had complained that a 1987 Canadian decision to impose countervailing duties on US corn was inconsistent with the Agreement, in particular because it was not based on a finding that US corn shipments had caused material injury to Canadian producers. The panel was established at a special meeting held on 18 July.

Government procurement

The Government Procurement Committee established two panels in its two most recent meetings. At a special meeting on 23 September, it established a panel to examine a US complaint against Norway’s award of an electronic highway toll collection equipment contract for the city of Trondheim. The United States said that by excluding a US supplier and instead offering the contract through a single tender to a domestic company, Norway had violated the national treatment and non-discrimination provisions of the Agreement. While accepting the US request, Norway maintained that the contract was for a pilot project covered under the research and development provisions of the Agreement.

Another government procurement contract, that by the United States for a sonar mapping system for the Antarctic, is under examination by a panel established at the request of the European Community in March (see FOCUS No. 83).

At a special meeting of Committee on Anti-Dumping Practices on 4 October, Norway is expected to ask for a panel to examine United States’ anti-dumping duties on imports of fresh and chilled salmon from Norway. The Committee will also address a request for conciliation from the United States regarding its complaint against Korean anti-dumping duties on imports of US polyacetal resins.

The Council

The GATT Council continues to deal with trade complaints raised under the General Agreement. At its next meeting on 8–9 October, it will be considering for a second time a US request for a panel to examine EC import restrictions on pork and beef under the Third Country Meat Directive. A panel report on US restrictions on imports of tuna, circulated to GATT members in early September, has been taken off the Council agenda at the request of Mexico and the United States.

Concerns over high butter stocks

On 18 September, the International Dairy Products Council evaluated the situation and the outlook for the world dairy market. Concerns were expressed over the high world stocks of butter and skimmed milk powder, which are expected to rise to around one million tons for each product at the end of 1991. On the other hand, it was noted that cheese was enjoying a lively import demand.

According to a GATT Secretariat report, world butter production grew in 1990 at a rate of 1.4 per cent amounting to 7.70 million tons but was decreasing in 1991. Vigorous demand for light dairy products had resulted in substantial surpluses of milk fat, which is usually processed into butter. This trend plus the continued low butter demand in many countries meant that additional quantities of butter were offered on international markets this year. Depressed butter prices have also affected sales and prices of other dairy products, notably milk powders.

It was noted that there was a request for substantial supplies to the Soviet Union for food relief in 1991/92. A number of participants stressed the commercial importance of this market and sought assurances that any decision to provide food aid in response to a request from the USSR should be such as to cause minimum disruption to the commercial market.

72nd GATT trade course

Twenty-five officials from as many developing countries are taking part in the seventy-second GATT Trade Policy Course in English which began on 26 August and will end on 6 December.

Since the programme began in 1955, the GATT programme has benefited 1,219 officials from 114 countries and ten regional organizations. The courses are aimed at giving participants greater understanding of trade policy matters, the work being done by GATT, major problems of international trade, and results of GATT negotiations.

GATT panelist’s book out

Judge Pierre Pescatore, a panelist in several GATT dispute-settlement cases, has just published Handbook of GATT Dispute Settlement. A comprehensive reference, the handbook provides an analysis of each GATT panel report. It is available from Transnational Juris Publications, Inc. (PO Box 7282, Ardsley-on-Hudson, New York) and Kluwer Publishers (PO Box 23, 7409 GAT Deventer, the Netherlands).