The Swiss delegation proposed at a meeting of the Sub-Group the insertion in paragraph 2 of Article XI of the following additional sub-paragraph.

1. The Proposed Clause

"( ) Import restrictions on any agricultural or fisheries product, imported in any form, necessary to safeguard the marketing of the like domestic product on the internal market at conditions giving the domestic producers a standard of living in keeping with the general level prevailing in the contracting party applying the import restrictions."

2. Statement by the Swiss Delegation

"Mr. Chairman,

I am very grateful to you and to the members of this committee for giving us the opportunity of coming here to-day. Being mere observers, we had strong hesitations about adding to your already very heavy task; but you are dealing with problems which are of such interest to Switzerland that we felt compelled to discuss them with you."

"We have followed the discussions on the revision of GATT with the greatest attention. As you know, if Switzerland is not member of GATT, it is not because of lack of interest on our part. Foreign trade being vital to us - we export 1/3 of our total production - we are all in favour of the aims of GATT for freer, larger and better international trade. Our liberal commercial policy and our extremely low tariff are the best proof of it.

"Having been convertible since the creation of GATT, and even before, we have had some experience in trading outside of the cosy shelter of quantitative restrictions for balance-of-payments difficulties. That is also why we felt encouraged to come and discuss with you our experiences and difficulties on a subject which seems to be a highly important one in this revision venture in which you have embarked with such courage.

"One of the main reasons why Switzerland has not felt it possible to join GATT is that up to now quantitative restrictions were allowed practically only for balance-of-payments difficulties. Switzerland, being not entitled to claim such difficulties, would have had no way of using quantitative restrictions to protect her agriculture. And we have to protect our agriculture."
"Within two generations, our agricultural population has declined from 50% to a mere 17% of the total. It is the firm belief of our public opinion and Parliament that a further decline would have disastrous consequences and must be avoided at any cost. This belief has found its expression in our agricultural law approved under the referendum procedure by the Swiss population. This law came into force a few years ago and makes it mandatory for the Government, while giving it all necessary powers, to maintain a sound farming population as is already provided for in Article 31 of the Swiss Constitution.

"The reasons for wanting to keep alive and usefully occupied what is left of agricultural population in Switzerland are social, demographic, political and strategic. They are well known and I do not need to waste your time by dwelling at length upon the importance of retaining the socially and politically stabilizing factor of a healthy farming population. Let me just draw your attention to the experience Switzerland underwent during the last war, when, completely surrounded by countries engaged in hostilities, we could rely only upon our own agriculture to provide for the bare minimum of foodstuff necessary to feed our population. Our policy of neutrality and our geographic position make mandatory that, in case of a conflict that would once more cut us from our sources of supply, we could rely again on this bare minimum. This is why we are convinced of the necessity of retaining what is left of our agriculture.

"A complete liberalization of agricultural imports would certainly lead to a general breakdown of agricultural prices on the Swiss market which, in spite of all technical efforts, cannot compete with most agricultural countries. Prices and salaries are in close reciprocal relation; in the agricultural field maybe more than in the other ones. A breakdown of the prices would bring about a strong reduction of agricultural income as well as of standard of living and, accordingly, a reduction of the number of farmers because they would seek more profitable employment in industry. A certain degree of protection is therefore necessary.

"Since Switzerland is competitive in the industrial field, why is it not so in the agricultural one?

"When you leave out the rocks, glaciers and lakes, not much space is left in our already small country. Therefore the soil is expensive, specially when you have to compete for it with industry. Accordingly, the Swiss farmer, except maybe for the Belgian one, has to make the highest investment in Europe and possibly in the world.

"His costs of production are also very high. Salaries amount to 40% to 60% of them. The high level of salaries in Switzerland bears heavily upon the costs of production of our farmers.
"As you know, Switzerland has no access to the sea and the cost of transport of everything that goes into agricultural production from feedingstuff to fuel is much higher for the Swiss farmer than for most others.

"Last but not least, there are obstacles deriving from the climate and the nature of the soil. One third is relatively flat land, one third alpine pasture and forests, one third is completely useless soil. Neither technical improvement nor rationalizing could modify this situation.

"To sum up, we are hopelessly non-competitive in the agricultural field.

"Bearing this in mind and the need of retaining the farmers which are left, protection is inevitable.

"We have tried to make it as little damaging as possible. We are using quantitative restrictions in such a way as to allow for the marketing of the national production on the home market at decent prices while allowing at the same time for as much imports as possible. In fact those quantitative restrictions do not prevent us from importing large quantities of agricultural products; the greatest amount per inhabitant in Europe and maybe in the world. In 1951 for example, we imported 41 dollars worth of agricultural products per head, while the average in the 18 OEEC countries was 12 dollars, and we still are the best customers of our neighbouring countries.

"We have come to the conclusion that, with a moderate use of quantitative restrictions, we can keep a more liberal commercial policy in the agricultural field than would be otherwise the case had we used tariffs and other protective devices theoretically less objectionable than quantitative restrictions.

"This is the rather puzzling conclusion, Mr. Chairman, which brings us here to-day.

"I would have had strong hesitation to trouble you with a special Swiss problem, but I am under the impression that our problem is not as special as that. Geographical and climatic considerations apart, Switzerland is not the only country in need of agricultural protection. Our problem is the classical one of the industrial country which has to safeguard a certain amount of agriculture.

"I suppose, Mr. Chairman, that your committee has given some thought to this problem, and I would be extremely interested to know how you feel about it."
"As far as Switzerland is concerned, I am wondering whether one could not consider a provision that would take care of this agricultural problem. A formula that would provide for the possibility of keeping some import restrictions to safeguard the marketing of domestic production on the home market and to do it in such a way that the standard of living of the farmers could be maintained at a level in keeping with the general standard in the country concerned.

"Our interest in something along these lines being inserted somewhere in the new GATT is not merely academic. As I told you in the beginning, one of the reasons why Switzerland did not join GATT was that import restrictions for agricultural purposes were not available to a country which could not claim balance-of-payments troubles. This difficulty remains. In fact, with a public opinion as convinced as the Swiss one of the necessity of retaining what is left of our agricultural population, I cannot imagine how our Parliament -- and now I am thinking aloud -- could see its way to agree to the adhesion of Switzerland to a GATT devoid of adequate provisions for the preservation of the remaining agricultural population.

"It is therefore with the utmost interest Mr. Chairman, that we await your comments in this matter."