RELATIONS WITH POLAND

Questions for Submission to Government of Poland

LIST B

1. The Polish authorities (in Spec/139/58) have expressed the opinion "that Poland with the concurrence of the countries concerned should be able to substitute ordinary tariff concessions for certain agreed quantitative commitments as soon as the customs tariff has entered into force". Is it contemplated that when the tariff comes into force it will be the only barrier between the exporter in a foreign country and the Polish consumer, who will be able to buy without the intervention of any state organization or importing monopoly? If so, when is it contemplated that the tariff will be sufficiently established for the Polish Government to substitute tariff concessions for any quantitative or other commitments which might have been agreed as an "entrance fee" on accession as equivalent concessions?

2. If after the establishment of the customs tariff State trading bodies or importing monopolies will still intervene between the exporter and the consumer, what advantage is it suggested that the substitution of tariff concessions for other equivalent concessions will have for the foreign exporter?

3. If following the introduction of the tariff contracting parties nevertheless preferred the continuation of any system of quantitative or other equivalent commitments which might have been agreed on accession, would the Polish Government be willing to maintain such a system indefinitely?

4. When the tariff is introduced will the duties be specific or ad valorem? In so far as they are ad valorem on what basis is it contemplated that the goods will be valued for the purpose of calculating duty? What assurance will exporters have that the valuation will be related to prices outside Poland? If the valuation is related to such prices what rate of exchange will be used to convert the prices into Polish currency?

5. The Polish Government have indicated that, pending the introduction of a tariff, "global import quotas" might be granted (in payment of the entrance fee required of all countries on accession in return for the tariff concessions received of right by the acceding country) in respect of traditional imports of particular interest to other contracting parties. The CONTRACTING PARTIES will wish to be assured that such "global import quotas" represent genuine opportunities for selling. Will the establishment of a "global import quota" represent: -
(a) an undertaking to buy from contracting parties goods up to the amount of the quota, or

(b) merely permission to import up to the amount of the quota if sales can be negotiated?

6. Can the Polish Government indicate which products would be covered by the proposed "global import quotas" and give some examples of the level of trade contemplated?

7. On the assumption that a "global import quota" will represent an undertaking to buy goods up to the amount of the quota (see 5(a) above), does the reference to "traditional imports" mean that the range of products for which "global import quotas" are opened will not be such as to allow scope for the development of imports of products which Poland has not hitherto imported from contracting parties? Is it proposed that quotas should be opened for a volume of trade roughly equal to the Polish export trade which will be affected by the tariff concessions (including bindings of existing tariffs) which Poland will be entitled to enjoy on accession to the GATT? In granting "global import quotas" how does the Polish Government propose to demonstrate that there is no discrimination in favour of countries outside the GATT at the expense of contracting parties? In the administration of the quotas how does the Polish Government intend to ensure non-discrimination as between contracting parties?

8. In their dealings with each other contracting parties with private enterprise economies are able to test whether the opening of quotas means genuine opportunities for selling and whether these are limited only by questions of competitiveness, because the only interference between traders in different countries is by government regulations which must be notified to the CONTRACTING PARTIES if they affect international dealings between traders. If a "global import quota" will represent merely permission to import up to the amount provided for if sales can be negotiated (as in 5(b) above) and not an undertaking to buy without qualification, will the Polish Government be willing to give undertakings about the maximum mark-up to be applied to imports of goods admitted under such quotas (in accordance with Article III, paragraph 4)? For example, would they be prepared to adopt the method followed by France in the 1947 tariff negotiations in respect of imports of cigarettes by the French State Monopoly and undertake to maintain a specific ratio between the prices of imported goods and the corresponding domestic items, or a maximum percentage mark-up on imported goods? If not, what other form of undertaking can they suggest which will guarantee exporters in other countries that goods they seek to sell within the global quota are not subjected to price discrimination on entry into Poland?

9. What information would the Polish Government be prepared to supply to the CONTRACTING PARTIES about the purchases of its State-trading bodies or import monopolies to enable exporters to test whether commercial considerations (e.g. price, quality, delivery dates, etc.) are the only ones influencing their purchases and in particular that they do not discriminate except on the basis of commercial considerations?
(1) in favour of domestic suppliers as compared with exporters in the territories of the contracting parties;

(2) in favour of suppliers in countries outside the GATT at the expense of suppliers in the territories of the contracting parties;

(3) between contracting parties?

How does the Polish Government expect to overcome the difficulty that with respect to many kinds of goods differences of quality cannot be tested in detail?

10. Will exporters in other contracting parties be free to advertise their products and make known their goods (e.g., by means of samples) to the Polish public? What steps will the Polish Government take to see that these are not, as a result of the special price mechanism, sold at prices on the domestic market which will discourage demand?

11. Tariff concessions, although negotiated by reference to a specific volume of trade, naturally become more valuable to exporting countries as imports of the items concerned increase. Is it contemplated that the "global import quotas" will be increased as domestic consumption of the items covered increases so as to maintain a position for imports which is comparatively no less favourable than at the date of negotiation?

12. As noted in paragraph iv above, countries are theoretically free to impose prohibitive duties on items in respect of which they have not bound duties, but in practice it is customary to allow trade to flow in these items too. What imports into Poland will be permitted of those goods which are not the subject of the "global import quotas" referred to above?

13. In addition to the tariff concessions they grant, contracting parties are forbidden to use import controls and have an obligation to increase quotas and ultimately remove controls altogether as their balance-of-payments permits. As Poland's balance-of-payments improves will the range and volume of "global import quotas" granted as her entrance fee to the GATT be increased in the way that would be expected of a private enterprise economy in a similar balance-of-payments situation? If imports of other classes of goods are to be prohibited or severely restricted and the Polish Government are free to exclude them at their discretion, how would they reconcile such a system of quotas limited to certain classes of goods, all other goods being liable to total exclusion or severe restrictions on imports, with the general ban on import restrictions which applies to contracting parties with private enterprise economies?

14. Is it intended that the amounts of the "global import quotas" negotiated on accession should represent a permanent ceiling to permitted imports of those goods which will be from time to time subject to limitation in circumstances in which existing contracting parties are entitled to restrict imports for balance-of-payments reasons under Article XII?
15. How will other contracting parties be able to test whether the volume and range of imports effectively permitted by the Polish Government is as great as its balance-of-payments position justifies, i.e. whether the level of import restrictions applied by Poland is (a) generally or (b) as it affects specific items in excess of what is justified under Article XII for balance-of-payments reasons? Will Poland be prepared to consult annually with the CONTRACTING PARTIES about her balance-of-payments restrictions in common with other contracting parties operating under Article XII, and what types of statistical and other information will she be willing to supply to enable them in those consultations to make the test just referred to? Will Poland be willing to accept recommendations under Article XII from other contracting parties in the course of consultations for the modification of particular quota arrangements?

16. On the assumption that "global import quotas", represent merely permission to import up to the amount of the quota, if sales can be negotiated, how, in deciding the size of "global import quotas", will it be possible to ensure non-discrimination between contracting parties and other exporting countries?

17. Does Poland contemplate seeking membership of the International Monetary Fund? If not, will she be prepared to enter into a special exchange agreement with the CONTRACTING PARTIES providing that the objectives of the GATT shall not be frustrated as a result of action in exchange matters by the Polish Government, as is required of any contracting party which is not also a member of the International Monetary Fund?

18. The Vice-Minister for Foreign Trade stated that in attempting to compare prices of imported and domestic goods in Poland it was inadvisable to take the import price expressed in foreign currency and to convert this by reference to the official exchange rate because of the special considerations involved in fixing domestic prices in Poland. Contracting parties will readily understand the problems involved in (a) the special structure of domestic prices in Poland and (b) the exchange rates that prevail. But what alternative guarantee is Poland able to give that the method she in fact applies (whatever it may be) does not favour domestic producers as against importers? What specific guarantees can she offer to other contracting parties to enable them to convince their exporters that if they are more efficient than (1) Polish producers or (2) producers in non-GATT countries their goods will be correspondingly cheaper on the Polish home market? What suggestions have the Polish Government to make about the appropriate conversion rate to be applied to import prices to enable exporters in other countries to compare effectively their own prices with those of Polish producers?

19. In private enterprise economies publication of customs tariff rates, internal taxation regulations, etc., combined with readily accessible information about exchange rates, production costs, etc., enables an exporter seeking markets in those countries to judge what his price must be in order to meet local competition. Those responsible for Polish exports will have the advantage of such information in planning their trade with other contracting parties.
Will Poland be prepared to undertake corresponding obligations under Article X in respect of the publication of all regulations affecting exports and imports? Will Poland be prepared to undertake the normal obligations under Article XVII in respect of notification to the GATT of products whose import or export is handled by State-trading organizations and of the supply of information about their operations necessary to the carrying out of the Agreement? What statistics (including figures relating to internal production, consumption costs, retail prices, etc.) are at present published by the Polish Government? What supplementary statistical and other information on these matters will she be prepared to supply to the CONTRACTING PARTIES?

20. As noted in paragraph viii above, contracting parties are entitled under Article VI to impose discriminatory duties on goods of which the export is being subsidised or which are being dumped by another country. The test is normally that the goods concerned are being sold in the importing country at a price which is less than the comparable domestic price or, failing a comparable domestic price, lower than the cost of production in the country of origin plus a reasonable mark-up to cover shipping and other costs, or the highest comparable export price to a third country. Where contracting parties receive allegations from their own traders of dumping or subsidization of Polish exports they will wish to investigate such allegations as thoroughly as they would in the case of similar allegations affecting exports from a country with a private enterprise economy. The Polish Vice-Minister for Foreign Trade sees difficulties in the application of the official exchange rate to determine relative home and export prices. How far do the Polish Government see these or other difficulties as making it impracticable for contracting parties to exercise their rights under Article VI in relation to Polish exports? What suggestions have they to offer for meeting any difficulties they may see?