1. The Working Party has examined the first annual report submitted by the Government of the Federal Republic of Germany under the Decision of 30 May 1959 granting a waiver under paragraph 5 of Article XXV of the General Agreement in connexion with the import restrictions still imposed by the Federal Republic (L/1064). On the basis of that report, and with the assistance of the delegation of the Federal Republic, the Working Party has reviewed the action that has been taken by the Federal Republic in relaxing the restrictions and discussed with it the prospects for making further progress in accordance with the general objectives and provisions of the Decision.

Lists of Liberalization (Annexes A and D to the Decision)

2. The Working Party noted that, in accordance with the undertaking given by the Federal Republic as noted in the Decision, the liberalization of products specified in Section A of Annex A, as well as the de facto liberalization of certain products listed in the first part of Annex D, had both been put into effect as from the envisaged date, i.e. 1 July 1959. The Working Party discussed with the representative of the Federal Republic the lists of products (Sections B and C of Annex A, and the last part of Annex D) which were to be liberalized by various dates up to July 1962, and enquired as to the prospects of these products being liberalized at greater speed than was indicated in the respective Annexes to the Decision.

3. The representative of the Federal Republic stated that the liberalization measures so far undertaken pursuant to the waiver Decision had already placed heavy strains on the German economy. The dates mentioned in the lists in

1 In the course of the discussion, the German representative explained that Item 1102-60 ex in Section A of Annex A had been redefined.

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question represented the deadlines by which the intended liberalization would be carried out, and it was always possible for liberalization to be undertaken earlier than on those dates. Individual products could be singled out for earlier liberalization insofar as practicable, and it was not intended that each list would be brought into effect on the same date, or always on the last date envisaged. In view of the short time since the Decision was taken, however, the Federal Government was not in a position at this time to foresee any change in the liberalization programme in the direction suggested above.

**Liberalization Subject to Consultation (Section D of Annex A to the Decision)**

4. The Working Party noted from the report submitted by the Federal Republic and from oral statements by its representative that consultations had been instituted in accordance with the preamble to Section D of Annex A between the Government of the Federal Republic and the Governments of Japan and India. Both these consultations were at present in recess but would be resumed shortly. In the case of India, discussions had taken place on all products of interest to that country, and to the extent that the interests of other exporters to the German market were safeguarded, every effort would be made to meet the desires of India, and while the consultation was in progress measures were being taken to increase imports from all sources, including India. The representative of India stressed the fact that among OEEC countries only one or two continued to apply discriminatory restrictions against Indian products. This showed that the problems which were the basis of these discriminatory restrictions were most likely to be imaginary rather than real. It was noted that the importation of certain of the products on the list in Section D into Germany could hardly create serious problems for the German economy but they constituted important export items for countries like India.

5. The representative of Japan expressed the hope that upon resumption of the consultation between the Federal Republic and Japan, the Government of
the Federal Republic would be able to take a more flexible attitude on the remaining problems so that a mutually satisfactory solution could be found. In view of the undertaking given by the German Government to take further measures of liberalization of imports including those contained in Section D of Annex A the Government of Japan could legitimately expect concessions to be given by Germany in the course of the consultations.

6. The representative of Pakistan pointed out that cotton textiles and certain other items on the Pakistan export list were still being restricted by Germany and expressed the hope that a consultation could be instituted with a view to arriving at solutions which were satisfactory to both countries.
7. The representative of Germany assured the Working Party that his Government
would give serious consideration to the representations made by Japan, India
and Pakistan, but pointed out that there were certain important problems which
await solution. The Federal Government was continually keeping the question
under review and expected to announce further liberalization of the products
in Section D at the first opportunity. Where no liberalization could be made,
measures would be taken as far as possible to lessen the restrictive incidence
of the controls. The final solution might take some time but it was important
to notice that progress was being made in the right direction. With goodwill
and patience the question should be merely one of time. The German delegation
had taken due note of the representation made by the Pakistan representative,
and hoped that the products of interest to Pakistan would be included in the
next liberalization list.
8. The representative of Czechoslovakia referred to the provisions of
paragraph 2(c) of the waiver Decision and expressed the hope that progress
would be made by Germany in reducing its discriminatory restrictions against
imports from certain countries including Czechoslovakia. The representative
of Germany stated that his delegation would take due note of this representati
and thought that a consultation with Czechoslovakia should enable a satisfactor;
agreement to be reached between their two countries.
Agricultural Products not subject to Marketing Laws (Annex B to the Decision)
9. In discussing the list of agricultural products which remain under import
restriction, several representatives called attention to the provisions of
paragraphs 2(b) and 2(c) of the substantive part of the waiver Decision. In
terms of paragraph 2(b), the Working Party discussed with the representative of
the Federal Republic the prospects of some of the products being removed from
the list at an early date, and any action taken by the Federal Government to
improve conditions of access to the German market for the contracting parties.

Various representatives referred to particular products which were of interest to their countries and on which they hoped liberalization measures could be undertaken by the Federal Republic at an early date. The products mentioned included cheese, milk and milk products, fresh apples, canned fruit and canned vegetables. Further, in the light of the provisions of paragraph 2(c) of the Decision, the representative of the Federal Republic was invited to indicate the possibility of any changes being made at an early date in the import control system which discriminated in favour of OEEC countries and against outside suppliers.

10. The representative of the Federal Republic stated that in present circumstances his Government was not in a position to foresee the liberalization of these products in the near future. In accordance with the provisions of the Decision, the Federal Republic would of course be prepared to grant sympathetic consideration to such representations as might be made by interested contracting parties, and in cases where the allocation of quotas was involved, to consult with all contracting parties having a substantial interest in supplying the product in question.

11. In addition to the information contained in the written report (L/1064), the representative of the Federal Republic called attention to the provision of global quotas for fresh apples, which should have been reported to the contracting parties as an action taken in accordance with the terms of the waiver Decision.

Marketing Laws Negative List

("To be drafted.")

General Observations, etc.

("To be drafted.")