It will be recalled that the Drafting Group appointed by the Committee during its March meeting found it possible only to give the section on General Conclusions preliminary consideration. This document contains the text as it emerged from the Drafting Group after first reading.

In its preliminary review the Group noted that, in addition to the paragraphs discussed by the Group, there were a number of paragraphs appearing in document COM.II/111 (first draft of the Committee's report) relating to General Conclusions which had not been discussed.

These paragraphs are reproduced in document INT(61)20.
1. The foregoing summary indicates more precisely the extent to which non-tariff protective measures are applied and their effect on international trade than it was possible for the Committee to assess at the time it prepared its second report (L/1192). The results of this analysis give much more point to the observations of the Committee in paragraphs 13 to 18 of that report and show how widespread is the use of non-tariff protective devices for important agricultural products.

2. In selecting dairy products, meat, cereals, sugar, vegetable oils and fish for its initial study the Committee has chosen six groups of commodities in which special factors affecting agricultural and food protection are present. The evidence available to the Committee at this stage of its work shows that all these groups of commodities are subject to the extensive use of non-tariff protective devices involving protection of an extent which was probably not fully recognized earlier.

3. From the evidence received by the Committee from a wide variety of countries operating a great diversity of schemes, the choice of the devices used appears to have depended upon the characteristics of the commodity, the nature of its problems and the policy objectives of the country concerned. The Committee recognizes that the different types of measures, by their nature, affect international trade differently. (For example, some measures affect trade indirectly by way of their effect on production, while others affect trade directly by controlling the flow of supplies to and from the domestic market.) However, the Committee has found from its examination that the effects on trade of the measures reviewed depend largely on the intensity with which and the manner in which they have been applied. This in turn has depended upon policy objectives. For example, a country by operating a system of high deficiency payments, or a variable import levy system which might be very restrictive in certain price conditions, or even by refusing to reduce a high tariff, could produce a result as damaging to international trade as may be caused by the quantitative restriction of imports.
4. It is clear from the Committee's studies already made that, whilst further work would produce refinements, the broad conclusion must be that these non-tariff devices have seriously affected international trade in these products in a variety of ways. Furthermore, the Committee notes that the very extensive use of quantitative restrictions and the widespread impairment or nullification of tariff bindings on these products shows the extent to which obligations set out in the General Agreement are not being observed and the benefits which many countries expected to receive are being frustrated.

5. The Committee is aware of the many occasions on which international discussions on certain products in the six groups of commodities have taken place. It notes that both OEC and the Committee on Commodity Problems of the FAO have had extensive discussions about butter. It also recognizes that the International Wheat Council, the Wheat Utilization Committee and the Grains Group of the Food and Agriculture Organization have all considered the more general aspects of the international wheat trade. It notes as well that the International Sugar Council has continuously studied the problems confronting the international sugar trade. The Committee emphasizes that many of the international commodity problems have their root in high agricultural protection made effective through these non-tariff devices.

6. In its examination so far the Committee has recognized that the GATT rules and procedures are obligations and rights exchanged between contracting parties on a mutual basis. Therefore, measures acquired special importance in the Committee's mind, from the point of view of international trade, if they were applied in a manner not provided for in the procedures of GATT. In the cases where this has occurred are sufficiently numerous to lead the Committee to the view that the operation of the Agreement has been weakened as an instrument for the promotion of trade. Moreover, impairment of concessions by the use of non-tariff devices (whether or not in conformity with the GATT) is so widespread as to have upset the balance of the Agreement.
Scope for increased tariff concessions in favour of industrial exporters has been greatly narrowed by the inability of some agricultural exporting countries whose economies were highly or mainly dependent on agricultural exports, to see sufficient incentive to offer concessions when non-tariff devices prevent them from securing meaningful access to agricultural markets. Whilst the Committee notes, in passing, that little if any action has been taken by contracting parties to seek redress (under Article III) for impairment or nullification resulting from the use of non-tariff measures, it is also aware that such action would result in a balancing downward of mutual obligations and benefits.