1. In May 1961 the Government of Uruguay presented a request to the Government of France that a consultation be held under paragraph 1 of Article XXII between the two Governments on the import restrictions applied by France to certain products which normally comprised Uruguay's exports to world markets. In a letter dated 29 July 1961, the Government of France confirmed its acceptance of 18 September as the date for the consultation. On the joint invitation of the two Governments, the Executive Secretary agreed to preside over the consultation. The Indian Government had asked to participate in the consultation, but eventually did not do so, although the French delegation had expressed its agreement that the Indian representatives should also take part in the discussion.

2. The consultation was held on 18 September in Geneva. At the opening of the consultation the Uruguayan representative explained that the consultation had been requested as part of his Government's general policy to seek all possible opportunities for examining and discussing import restrictions applied by foreign governments affecting Uruguayan exports. Uruguay had taken a keen interest in the discussions in GATT of the restrictions applied by Italy, Germany, etc. and it was to be hoped that the present consultation would also contribute to a better understanding of the problems faced by both sides and to the finding of a solution. The representative of France said that his Government welcomed this opportunity and would be glad to supply any information that it might be in its power to supply.

3. The consultation then proceeded on the basis of the list of products contained in L/1496, with reference to individual tariff items or sub-items in which Uruguay had an export interest and on which restrictions were maintained. Questions were put by the Uruguayan delegation on the exact nature and form of the restriction affecting each product, customs tariffs and preferences in force, any special régimes or mechanism used for effecting purchases, and the general policy in regard to each product in question.

Customs tariffs

4. With respect to all the products discussed in the consultation, the French customs tariffs applying to imports from Uruguay were the most-favoured-nation tariffs. Preferences were in force for certain agricultural products imported into France from territories in the franc area but those preferences were all within the limits permitted by the provisions of paragraph 2(b) of Article I of the General Agreement. In regard to Morocco, those preferences had been established by an order of 1948; provision had been made for the preferences applying to Tunisia in a convention concluded with that country in 1959 after its accession to independence. Note was also taken of the relevant rates in the common external tariff of the EEC in comparison with the present French rates. In addition to the customs duty, imports into
France were subject to (a) internal taxes, which were payable equally on imports and on domestic products, and (b) the statistical and stamp taxes which applied to all imports without discrimination.

Agricultural products

5. The French representative, in reply to questions relating to various products, explained that the import of agricultural products might depend on concurrence by a para-governmental agency which had been set up in order to regulate the domestic market. The problems faced by agriculture in France, as well as in certain other European countries, were well known, and in certain sectors, French agriculture was still in a highly vulnerable state. This was particularly true in regard to meat and grains. In the case of wheat, and barley, production was notoriously subject to fluctuation and control had to be maintained in view of the unpredictable trends in domestic supplies. The control of flour imports was closely related to this problem.

Discrimination

6. France maintained separate restricted lists for two categories of GATT countries: (a) OEEC countries, the United States and Canada, and (b) other GATT countries including Uruguay. In the course of the discussion it was found that most of the products forming the subject of the consultation were restricted for both categories of countries. The principal exceptions were wool and made-up woollen textile goods. The French representative explained that the general aim of the French Government was to liberalize imports as far as possible and to achieve, above all, the maximum degree of non-discrimination. To this end France had recently introduced various measures of liberalization. Restrictions were to be gradually removed for imports first from one group of countries and then from the other. While progress was being made, it was difficult to achieve non-discrimination totally at once. He assured the Uruguayan delegation that whatever discrimination might be found in the remaining restrictions would be removed; it was merely a sign of transition.

7. In regard to the discriminatory restrictions affecting Uruguayan exports of wool, with the exception of wool neither carded nor combed, there was a general discussion of the various problems relating to trade in these products, including the possible existence of direct and indirect subsidization in exporting countries and other artificial factors affecting prices and market conditions. It was the view of the Uruguayan representative that many such allegations were based on misapprehensions or erroneous reports of facts or statistical data. The two delegations agreed that the two Governments would contact each other on a technical level at an early date with a view to fully examining the problems involved so as to eliminate all misunderstanding and erroneous arguments on this subject. If this could be done, it was the hope of the Uruguayan representative that France would be able to follow the example of other European countries which had liberalized imports of wool tops.
Justification of the restrictions

8. The question was raised by the Uruguayan delegation as to the justification in terms of the General Agreement of the various restrictions, including the discriminatory restrictions. The French representative noted that the State trading measures applying to agricultural products were administered in full accordance with the provisions of Article XVII of the General Agreement. In so far as such measures involved an element of restriction, the French delegation agreed that they constituted import restrictions within the meaning of Article XI of the General Agreement. The restrictions applying to some of the products under discussion could be justified under paragraph 2(c)(i) or 2(c)(ii) of Article XI. In general, however, it might be said that restrictions applying to agricultural products reflected the general problems of agriculture faced by France, like by so many other governments, which were awaiting solution.

General

9. In conclusion, the representative of Uruguay called attention to the very serious problems created for countries like Uruguay by the proliferation of various kinds of restrictions in European countries. While it fully appreciated some of the problems faced by France, his Government would strongly urge that every effort be made to reduce unjustifiable restrictions and to increase access to the French market for Uruguayan products, particularly wool tops, woollen yarn, textiles and blankets, meat and meat products. The Uruguayan Government which applied no restrictions on imports from France was deeply concerned about the lack of progress in the liberalization of imports from Uruguay. The lack of balance in the rights and obligations between the two Governments could hardly be justifiably left unredressed. The French delegation undertook to convey the views expressed by the Uruguayan delegation to the attention of its Government.