REPRESENTATIONS AND CONSULTATIONS CONCERNING RESTRICTIONS APPLIED BY

CZECHOSLOVAKIA

Information Supplied by Uruguay

1. In preparation for the Panel's work, the Chairman of the Panel, in March 1962, sent a note to the Uruguayan delegation requesting certain specific information (Spec(62)103). In response to this request the Uruguayan delegation has submitted (a) a general note setting out its position in regard to all the cases to be considered by the Panel (see Spec(62)150) to supplement the general statements, etc., already made available by the Uruguayan authorities to the CONTRACTING PARTIES at the nineteenth session and to the Council in February 1962; and (b) certain material concerning its representations to and consultations with individual contracting parties. The present paper summarizes and reproduces such material relating to Czechoslovakia.

2. According to the material supplied by Uruguay, the Uruguayan delegation wrote on 19 October 1961 to the delegation of Czechoslovakia requesting a consultation in terms of paragraph 1 of Article XXIII. The Czechoslovakian delegation agreed to enter into such a consultation.

3. Accordingly a consultation took place on 15 November. Appended hereto in Annex I are the notes on that discussion, which were drafted by the secretariat and incorporate certain amendments proposed by Czechoslovakia. Attached in the same Annex are statistics relating to trade between Czechoslovakia and Uruguay.

4. According to the Uruguayan delegation, the list of the restrictions imposed by Czechoslovakia as given in document L/1662, has been revised in the light of the consultation.

5. On 11 December the Uruguayan delegation wrote to the Czechoslovakian delegation reiterating its Government's request that the Czechoslovakian Government should give consideration to the elimination of restrictions and to expand Uruguay's access to that market. The exact terms of this further representation, a reply from the Czechoslovakian delegation and a further letter from the Uruguayan delegation, are reproduced in Annex II of this paper.
ANNEX I

Notes on Consultations under Article XXIII:1 Between
Uruguay and Czechoslovakia

1. By letter dated 19 October 1961 addressed to the head of the Czechoslovakian delegation, the delegation of Uruguay advised that the Uruguayan Government was desirous of carrying out consultations with Czechoslovakia under Article XXIII of the General Agreement in respect of import restrictions applied in Czechoslovakia to Uruguayan products.

2. The delegation of Czechoslovakia agreed to engage in such consultations. The consultation took place on 15 November 1961 in the Palais des Nations.

3. At the outset of the consultation, the Uruguayan delegation explained that the consultation requested was part of a multilateral programme which included similar discussions with a number of other contracting parties and that it should not, therefore, be interpreted as being an action directed solely or mainly against Czechoslovakia. This multilateral programme adopted by the Uruguayan delegation had been motivated by a desire to seek improvement in the access to foreign markets for Uruguay's staple exports. Stagnation in Uruguayan exports had created serious problems for the Uruguayan economy and pressures from producers, labour and farmers had been placed on the Government for positive action to be taken in order to improve their lot. Uruguay at present applied no restrictions on imports from any country but its exports were being prevented from entering into foreign markets by a welter of restrictions and other measures.

4. In requesting the consultation, the Uruguayan delegation was not primarily interested in whether the restrictions in question were or were not consistent with the provisions of the General Agreement. Whether or not such restrictions happened to be consistent with GATT they all resulted in an adverse pressure on Uruguay's foreign exchange position and its ability to carry out economic development projects. In fact, they had created hardships for large sections of the economy and led to social instability. Urgent action was needed.

5. The Uruguayan delegation referred to the table of import restrictions in Spec(61)294 which it had circulated to contracting parties during the last Council meeting. This table contains indications of measures affecting international trade applied, inter alia, by Czechoslovakia. At the request of the Uruguayan delegation, the two delegations proceeded with a detailed examination of the accuracy of the information contained in that table concerning measures applied by Czechoslovakia.
6. The delegation of Uruguay considered that this discussion had contributed to a better understanding of the system of foreign trade of Czechoslovakia. In the light of the information thus obtained it would proceed to revise the text of the table. A revised version of Spec(61)294 would be made available by the Uruguayan delegation as soon as it had completed consultations with certain other contracting parties. The opportunity was also taken to obtain information on certain other measures affecting imports which were not listed in the table, such as customs tariffs, preferential arrangements, etc.

7. The delegation of Czechoslovakia pointed out that the State-trading system of Czechoslovakia, which is an integral part of its socialist economic system based on overall planning, did not involve the restriction of imports. Domestic demand for imported goods was usually met in full. In fact, had it not been for the State-trading measures imports would certainly have been lower than they actually were. In recent years there had been an expansion in Czechoslovakia's imports in general as well as in its imports from Uruguay as mentioned also by the Czechoslovakian delegation at the nineteenth session of the CONTRACTING PARTIES on 4 December 1961. The fall in Czechoslovakia's purchases of Uruguayan meat in 1959 was attributable to certain exchange measures taken by Uruguay at that time and since then there had been an improvement. In the view of the Czechoslovakian delegation, therefore, Czechoslovakia was not applying import restrictions in the normal sense of the term and that Uruguay, in the light of the trade statistics, had no cause for complaint.

8. The Uruguayan delegation stressed the view that its exports were unduly affected by governmental measures affecting trade, including those applied by Czechoslovakia as noted in the table referred to above. It urged in terms of Article XXIII:1 that action should be taken by Czechoslovakia for the reduction and removal of such restrictive measures so that there might be a better balance in trade.
APPENDIX TO ANNEX I

Imports into Czechoslovakia
(in thousand metric tons)

<table>
<thead>
<tr>
<th>Total imports</th>
<th>1948</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw hides</td>
<td>18.8</td>
<td>38.4</td>
</tr>
<tr>
<td>Edible fats</td>
<td>5.6</td>
<td>30.1</td>
</tr>
<tr>
<td>Wool</td>
<td>9.0</td>
<td>24.2</td>
</tr>
<tr>
<td>Meat and meat products</td>
<td>28.0</td>
<td>105.9</td>
</tr>
</tbody>
</table>

Imports from Uruguay

<table>
<thead>
<tr>
<th></th>
<th>1948</th>
<th>1959</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hides</td>
<td>-</td>
<td>1.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Technical vegetable oils</td>
<td>2.6</td>
<td>3.9</td>
<td>-</td>
</tr>
<tr>
<td>Wool</td>
<td>5.8</td>
<td>16.4</td>
<td>3.8</td>
</tr>
<tr>
<td>Total imports from Uruguay</td>
<td>10.4</td>
<td>28.2</td>
<td>4.5</td>
</tr>
<tr>
<td>Total exports to Uruguay</td>
<td>13.8</td>
<td>14.4</td>
<td>10.0</td>
</tr>
</tbody>
</table>
Text of a Letter from the Uruguayan Delegation to the
Czechoslovakian Delegation dated 11 December 1961

I have the honour to refer to my note No. 477/60/61-II.10 dated 19 October
and to the consultation held between our respective delegations on 15 November,
as well as to the statements made by the Uruguayan delegation and contained in
documents L/1572, L/1647 and L/1679 and the chart which appears in document
L/1662 above mentioned. These exchanges have confirmed the existence of certain
measures in your country which have the effect of restricting the sale of some
Uruguayan export products.

I am hereby reiterating the representations already made to the effect that
your Government should be so good as to give its consideration to the convenience
of doing away with these measures, which are deemed to have the effect of limiting
Uruguay's trade possibilities in your market. In this connexion, we shall be
delighted to engage in any further consultations or conversations that you may
consider to be of use in attaining the ends which are indicated above.

Although the Uruguayan Government's position has been set out at length in
the statements mentioned in paragraph 1 of this note, it may be of use to convey
to you the continuing concern felt by the Government - from which new instructions
were received today by this delegation - in regard to the widespread restrictions
applied by many contracting parties to goods which are of fundamental importance
within our export sphere. As you are aware, we are presently admitting goods from
all countries, to any volume or value, without any discrimination. It is the
Government's desire to move in the direction of equivalent treatment for
Uruguayan goods and your Government's co-operation in promoting the effective
access of our products to your market will be highly appreciated.
ANNEX II (b)

Text of a Letter from the Czechoslovakian Delegation to the Uruguayan Delegation dated 15 February 1962

I have the honour to refer to your note 571/60/61-II.10 of 11 December 1961 and to my letter No. 1049 of 20 January 1962.

In reply to the suggestions made in your note I wish to confirm that also in the view of the Czechoslovak Socialist Republic consultations are very useful as proved by those held between our respective delegations in November 1961 which demonstrated the positive contribution of the Czechoslovakian system of foreign trade to the development of trade with all countries and especially with Uruguay. This relates to items covered by mutually agreed concessions as well as to other items of interest to Uruguay. Furthermore, those consultations contributed to a recent increase of Czechoslovakian imports of meat.

I wish to confirm that Czechoslovakia, too, is admitting goods from all countries without any restriction and discrimination, and it is our firm belief that a full adherence to the principle of most-favoured-nation treatment and to the other rules of GATT will also in the future lead to a further promotion of trade between our two countries.
I have the honour to acknowledge the receipt of your note n.1165/62, dated 15 February, concerning the consultations held between our two delegations on the subject of Czechoslovak-Uruguayan trade.

We too, believe that GATT rules should be applied more rigidly, since such a procedure would contribute to an increase in commercial relations among all contracting parties.

We highly appreciate the co-operation received from you in connexion with our Article XXIII conversations and we look forward to your continued goodwill on this matter, as the question develops further.