NOTE ON THE DISCUSSIONS OF THE PANEL WITH THE UNITED STATES

1. On 23 July the Panel held discussions with the United States represented by Mr. Evans. The Panel had before it document Spec(62)168 containing information supplied by Uruguay on its earlier representations to and consultations with the United States and information supplied by the United States as contained in Spec(62)189. Mr. Schnebli took the Chair and the discussions followed the procedure laid down in Spec(62):-

I. Establishment of Facts

2. The United States representative advised the Panel that the measures listed in document L/1662 were still in force. Thus, as regards the United States, the list of measures may be transcribed as follows:

<table>
<thead>
<tr>
<th>Tariff item No.</th>
<th>Description of products</th>
<th>Measures in force</th>
</tr>
</thead>
<tbody>
<tr>
<td>02.01</td>
<td>Meat of animals of the bovine species, frozen</td>
<td>Health restrictions</td>
</tr>
<tr>
<td></td>
<td>Meat of animals of the bovine species, chilled</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meat of animals of the ovine species, frozen</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Offals, chilled</td>
<td></td>
</tr>
<tr>
<td>10.01</td>
<td>Wheat</td>
<td>Quota system</td>
</tr>
<tr>
<td>11.01</td>
<td>Wheat flour</td>
<td>Quota system</td>
</tr>
</tbody>
</table>

3. The United States representative was not able to indicate whether any of the measures in force would be removed in the near future.

4. The representative of the United States advised that in the view of his Government the health restrictions in force were consistent with Article XX of the General Agreement and the quota régime for wheat and wheat flour, apart from being covered in the Waive of December 1955, was consistent with paragraph 2(c) of Article XI.

The representative of Uruguay did not at that stage wish to question the conformity with the General Agreement of the measures listed.

II. Nullification and Impairment

5. The Uruguayan representative was not yet in a position to provide statistical information of the type suggested in paragraph II(b) of Spec(62)187. However, the following points were made by the representatives of Uruguay and the United States concerning the effects on Uruguayan exports of the measures listed:

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The Government of the United States has not yet confirmed its acceptance of this Note which may have to be modified in the light of any amendments it may propose.

Spec(62)261
(a) **Health restrictions**

The Uruguayan representative maintained that the United States health restrictions constituted a serious problem to Uruguay in the disposal of her meat. The virtual closure of the United States market as a result of their restrictions was, in itself, a considerable blow since the United States was both a large and natural outlet for Uruguayan meat. Moreover the sanitary requirements of the United States had a direct influence on the sanitary control policies of neighbouring countries such as Canada and Mexico. Uruguay had even experienced difficulty in selling wool to Mexico because of the fear that it might be a carrier of foot and mouth disease. However, and in contrast, despite the existence of foot and mouth disease in the country, Uruguay continued to be a substantial supplier to the United Kingdom market. The representative of the United States pointed out that the health restrictions had been in force since the accession of Uruguay (except in the case of wet salted beef, for which see below). There was nothing to add to the latest statement of the United States Government as regards health restrictions as set out on page 5 of document Spec(62)168.

(b) **Quotas**

The representative of Uruguay maintained that the United States policy of maintaining a high domestic price distorted world trade patterns in wheat. He queried the need for the United States to maintain price support for this item in view of the fact that other countries were able to protect domestic agriculture by means of income rather than price support.

The representative of the United States pointed out that since 1953 there had been a 28 per cent reduction in the acreage of wheat grown in the United States. Recent attempts to move away from the price support system had not met with any success.

(c) **Wet salted meat**

The representative of Uruguay stated that wet salted meat had been an item on which Uruguay had negotiated a binding at Annecy. A health restriction had been introduced on this item in 1959 and the matter had been raised with the United States in view of invoking the provisions of GATT as regards impairment. The United States representative stated that it could be contended that Uruguay could have realized that health restrictions could be extended to wet salted beef. Nevertheless, the United States Government would await the Panel's conclusions and would be prepared to co-operate in finding a mutually acceptable arrangement to settle the matter.