STATEMENT BY THE REPRESENTATIVE OF THE FEDERAL REPUBLIC OF GERMANY AT THE MEETING ON 20 OCTOBER 1965

With your permission I should like to refer, at the beginning of my observations, to the report of Sub-Committee 1 of the Action Committee on the consultations held in October and November 1964. Since the present discussions are held in continuation of the aforementioned consultations we think it best to refer to the former report and to inform you on the present situation as well as on the progress achieved in the meantime, in particular with respect to the products examined by GATT Committee III.

I.

You will remember that since June 1964 in the industrial sector the Federal Republic of Germany has liberalized the following items which are of export interest to developing countries: leather and jute bags in summer 1964, and sewing machines, cotton gauze, woven fabrics of cotton for padding, tight woven fabrics of wool or fine animal hair for furnishings and interior decorating on 1 January 1965.

Thus, in the industrial sector only twenty-one tariff items are still subject to quantitative import restrictions. With one exception these are all ex-items. Except certain cotton textiles which come under the Long-Term Arrangement Regarding International Trade in Cotton Textiles, these items include only two products which are contained in the lists of products examined by Committee III of GATT. These two products are jute fabrics and woven carpets of coconut fibres. Of the so-called priority list items, discussed by the Working Group for Examination of Products of Export Interest to Less-Developed Countries, only worsted yarn and woollen fabrics would have to be mentioned. The following details should be noted with regard to these products:

In the case of coconut products, only carpets made of coconut fibres are subject to quantitative restrictions. The import of coconut yarns and coconut fabrics has already been liberalized at an earlier stage. The import situation is characterized by the fact that the share of imported carpets as against carpets of domestic production rose from 22 per cent in 1961 to 36.5 per cent in 1964. Accordingly, the import quota was increased from 1.2 million DM in 1960 to 3.4 million DM in 1965.
In view of the special difficulties facing the German coconut industry, which is a sector of industry covering small and medium size enterprises only, it has not yet been possible to fix a date for further import liberalization. Although internal examinations have not yet been completed, I believe, I can say already now that we may hope that the import of woven carpets of coconut fibres will possibly be liberalized on 31 December 1967. It is being envisaged meanwhile to raise the import quotas continually.

As regards the import of jute products, I should like to state that already in 1959, when applying for a waiver, the German delegation pointed out that the necessary adjustment process in the German jute industry would hardly be completed before 1965. In compliance with the obligations assumed, the Federal Government subsequently raised the import quotas for these products continually. The annual increase was between 32 to 42 per cent. Actually, this increase in imports was only possible because the German jute industry had made considerable efforts to adapt itself to the changed competitive position. From 1959 to 1964 the number of jute processing plants declined from fifty-two to thirty-four, that is by 32 per cent. The number of employed persons decreased from 8,000 to 5,100 (./. 35 per cent), and the output fell by almost 30 per cent. Similarly, the export of jute yarns and jute fabrics went back by 70 per cent between 1959 and 1964. During the same time, however, imports of jute products rose by 120 per cent.

As a result, the actions taken by the middle of 1964, in spite of the great efforts made by the jute industry, had not proceeded far enough to permit a complete liberalization of imports. In accordance with the GATT Decision of 1959, however, the Federal Government has nevertheless liberalized in due time the importation of jute bags, an article particularly suffering from the restrictions. In addition, imports of jute fabrics not destined for domestic use had de facto been freed from quantitative restrictions. As a result of these measures by far the greater part of Indian jute products has free access to the German market.

In consultations with the parties concerned it has been ensured that the import quotas for the residual portion will annually be increased. If new difficulties arise the Federal Government would be ready to hold further consultations. My Government hopes that the present problems can be solved in a satisfactory manner within the not too distant future.

Finally, I should like to mention two products enumerated in the so-called priority list or fourth commodity list. These are worsted yarn and woollen fabrics. In this connexion, I should first of all like to point out that the Federal Government liberalized, at the beginning of this year, the importation of woollen fabrics for furnishings and interior decorating. The remaining restrictions are only pertaining to sub-items and not to the whole item. As up to now, applications for imports from GATT member countries have been approved regardless of the quantity involved - except from countries having made special agreements with the Federal Republic of Germany - these are de facto liberalized imports. The liberal approach concerning the import procedure applied with respect to these products is
also reflected in the following figures: in 1964, imports of worsted yarn amounted to 40 per cent of the German domestic production while in the case of woollen fabrics imports were even over 50 per cent of the German production.

II.

Of the products of the agricultural sector which had then been identified by Committee III, and with regard to which an export interest of developing countries had been admitted, only processed edible oils of vegetable origin have not been liberalized for importation. These products are coming within the terms of the German Marketing Laws and are, for this legal reason, subject to import restrictions. Already on former occasions, the German delegation had pointed out that global quotas are opened annually for imports of processed edible oils of vegetable origin. So far, however, these quotas have in no case been utilized to the full extent; in most cases, imported quantities remained even below one half of the allocated quota. We feel that therefore trade is actually not impaired by maintaining these restrictions. In addition to this, suppliers of the above-mentioned oils are not developing but almost exclusively highly-developed countries.

It may be also recalled that imports of raw vegetable food oils not subject to any restrictions have increased from year to year, and that imports of processed vegetable oils - as compared with the former - make up only a small fraction.

As is known, a common market organization for oils and fats is under preparation in the EEC. For this reason the German Government finds itself in some difficulties to modify the present import system for processed vegetable oils.

Of the other products specified in the list of the GATT secretariat, sugar, syrup, and molasses are covered by the German Marketing Laws. As the inclusion of these products in the EEC market organization may be expected within a foreseeable time, my Government is in regard of these products in the same position as pointed out with respect to processed vegetable oils.

Of the so-called priority products of the Fourth List of Commodities, also canned fruit and vegetables must be mentioned. German fruit and vegetable processors find themselves in an awkward position. By the division of Germany, these plants lost great parts of their natural outlets.

The protection which, hence, had become a necessity for the economic sector concerned, has already been reduced to a minimum by the Federal Government. Thus, for instance, import restrictions on large parts of canned products which are of concern to developing countries, have already been lifted.

May I, after setting out my Government's views of the individual commodities, outline this problem in its wider context. The Federal Republic began very early to remove its quantitative restrictions. This fact was responsible that at an early stage only a hard core of a small number of sensitive products remained under quantitative restrictions. German liberalization has for many years brought about
great advantages for the developing countries, namely an unrestrained access to the German market for the major part of their products. While the state of liberalization achieved by overcoming a number of difficulties was more or less considered as a matter of course, the pressure concentrated on the few items that were left over, and where my Government was not yet in a position to solve the problems in a satisfactory manner, my delegation was glad to hear that the Indian delegate recognized these difficulties and our efforts to minimize them, for instance by breaking off tariff items. I can assure you that my Government will continue in its efforts. The quotas will be increased annually and a full liberalization of products still being subject to quantitative restrictions will be introduced as soon as possible. My Government feels that it is not fair to announce liberalization dates without being convinced that there is a chance to observe the given target dates. In this context I should like to point out again that my Government is always prepared to conduct bilateral consultations if it is asked to do so in order to take also into consideration specific problems of a country interested in increasing or intensifying its exports into the Federal Republic of Germany.

However, in order to see the trade effect of the quantitative restrictions still being maintained in the Federal Republic of Germany in the proper light, I should like to draw your attention to the fact that among the buyers from developing countries the Federal Republic takes the third place. The trade volume of products still subject to restrictions in trade with developing countries amounts to 0.15 per cent only. These figures should not be left out of sight in discussions on the residual restrictions in Germany.