Consultation with Poland

Third Review under the Protocol of Accession

Note by the Secretariat

1. The Council established at its meeting on 28 April 1970 a Working Party to conduct, on behalf of the Contracting Parties, the third annual consultation with the Government of Poland provided for in the Protocol of Accession, to make recommendations concerning the establishment of a date for the termination of the transitional period referred to in paragraph 3(a) of the Protocol and to report to the Council.

2. The Working Party met on 8 July 1970 under the chairmanship of Mr. J.E. Larsen (Denmark) in order to examine the development of Polish imports from contracting parties in 1969 (points (ii)(a)-(c) of the review plan in Annex A to the Protocol).


4. The general trend and geographical distribution of Polish imports from the territories of other contracting parties. Did actual Polish imports reach the quantities or values provided for in the period under review? If not, what was the reason for the shortfall in Polish imports?

5. The Working Party noted that according to the trade figures reproduced in Annex II to document L/3399, the increase in Poland's imports from GATT countries from 1968 to 1969 was 9.3 per cent and thus exceeded the Polish commitment.

5. The representative of Poland pointed out that climate conditions in his country had been unusually unfavourable in 1969 with a long-lasting drought and an early and extremely severe winter, which had in particular affected agricultural production but which had also reduced the rate of expansion of the economy as a whole. Against that background, foreign trade performance had been rather better than could have been expected.

6. Several members of the Working Party expressed satisfaction at the Polish import performance in 1969, which had been well above the 7 per cent increase stipulated in the Schedule of Poland. Some members stressed that the good performance in spite of the particular difficulties encountered in 1969 showed that the 7 per cent commitment was a reasonable one.
7. One member, who had in the previous consultation expressed the view that Poland should increase its imports in 1969 above the commitment in order to compensate for the shortfall in 1968, said that it was gratifying to note that the 1969 imports had more than compensated for the shortfall in 1968.

8. Some members pointed out that Poland's imports from their countries in 1969 had increased considerably less than Polish exports to their countries.

9. It was noted by some members that there were certain discrepancies between some Polish import figures and the corresponding export figures in the statistics of her trading partners. The Polish representative stressed that the Polish import figures represented f.o.b. values, while some of the figures used for comparisons were based on c.i.f. prices. He said that in other cases time lags or the fact that country of origin in the Polish statistics meant the country with which the purchase was concluded could explain the discrepancies. The Chairman suggested that the countries concerned should try to obtain clarifications in such cases through bilateral contacts.

B. Development of Polish imports of various categories of goods (e.g. agricultural goods, raw materials, semi-manufactured goods, machinery and consumer goods) from the territories of contracting parties in relation to development of Polish imports from other countries

10. The representative of Poland recalled that the trade statistics reproduced in document L/3399 showed that the total foreign trade turnover of his country had risen in 1969 by 11.3 per cent, attaining the sum of $6,353.4 million. The corresponding figures for trade with GATT countries were 9.5 per cent and $2,656.9 million. Total imports increased in 1969 by 12.5 per cent, attaining the sum of $3,210.1 million, while imports from GATT countries increased by 9.3 per cent to a sum of $1,357 million.

11. With regard to the development of imports in the four main categories of goods, the Working Party noted that the share of total imports in 1968 and 1969 had been:

<table>
<thead>
<tr>
<th>Category</th>
<th>1968 from GATT countries</th>
<th>1968 from all countries</th>
<th>1969 from GATT countries</th>
<th>1969 from all countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and equipment</td>
<td>34.5%</td>
<td>35.9%</td>
<td>35.6%</td>
<td>36.9%</td>
</tr>
<tr>
<td>Raw materials, fuels and semi-</td>
<td>48.7%</td>
<td>47.1%</td>
<td>49.9%</td>
<td>47.0%</td>
</tr>
<tr>
<td>finished products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural products and</td>
<td>13.2%</td>
<td>11.3%</td>
<td>10.4%</td>
<td>10.4%</td>
</tr>
<tr>
<td>foodstuffs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufactured consumer goods</td>
<td>4.0%</td>
<td>5.7%</td>
<td>4.0%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

1 See paragraph 46 of the report on the Second Review (document L/3315).
12. A member of the Working Party pointed out that the share of agricultural imports had decreased in 1969. He asked whether this should be interpreted as a normal trend or whether it was due to special circumstances in 1969. The representative of Poland replied that certain shifts between product categories were likely to take place. Grain imports would thus probably decrease as Poland's own production increased. He stressed, however, that in spite of the somewhat diminished share of agricultural imports in 1969, imports of such products, both from all countries and from GATT countries, had nevertheless increased in absolute terms and the long-term plans foresaw a continued increase.

C. Development of Polish imports from the territories of contracting parties in relation to development of the Polish market

13. The representative of Poland said that the exceptional climate conditions in 1969, referred to in paragraph 5, had in the first place affected agricultural production which had fallen by 4.7 per cent. Industrial production had risen by 8.9 per cent, but this figure would have been higher if the food processing industry could have kept pace with other industry branches and had not been hampered by the fall in agricultural production.

14. As a result of the lower than foreseen expansion in production, national income in constant prices had only increased by 3.5 per cent in 1969 against the forecast of 6 per cent; the increase in 1968 had been almost 10 per cent. Overall investments and volume of retail trade had both risen by 7 per cent in 1969, while disposable income of the population increased by 8 per cent and the wage per employee by slightly more than 3 per cent. Against the background of those figures, the representative of Poland stressed, the performance of foreign trade - the total increase of which was 11.9 per cent in 1969 - was rather better than could have been expected. The same was true with regard to the trade with GATT countries which had increased by 9.5 per cent. The share of the GATT countries in Poland's total trade had remained almost at the same level as in 1968: 41.8 per cent in 1969 as against 42.3 per cent in 1968.

15. The representative of Poland said that foreign trade had been gradually increasing its importance in the Polish economy, and the long-term planning foresaw a continued development in that direction. Uneconomic branches of production would be discarded and replaced by imports.

16. A member of the Working Party noted that imports from GATT countries had increased by 9.3 per cent in 1969 while total imports had increased by 12.5 per cent. He stressed that, although Poland had fulfilled its GATT commitments, the decreasing share of GATT countries in Poland's total foreign trade gave rise to some concern.

17. The representative of Poland replied that imports from various categories of countries could obviously vary from year to year depending on market conditions. The fact that Poland's export potential was greater in so far as non-GATT countries were concerned tended to encourage imports from the same countries. He underlined, however, that the share of the GATT countries in Poland's total imports had remained stable over several years.
D. Other

18. The head of the Polish delegation made a statement concerning the determination of the transitional period for discriminatory import restrictions foreseen in paragraph 3 of the Protocol of Accession of Poland and the renegotiation of the Polish import commitment. With regard to the transitional period, he said that Poland envisaged 31 December 1974 as the very latest date for its termination. He recalled that the Accession Protocol foresaw that Poland's import commitment could be renegotiated with effect from 1 January 1971; Poland did not intend to change its policy in respect of the GATT countries but would wish to seek for a more flexible formula for its undertaking. The full text of the statement has been reproduced in document Spec(70)85.

19. It was agreed that the next meeting of the Working Party would take place in the autumn at a date to be fixed by the Chairman in consultation with the members of the Working Party.