Part II

REVIEW OF DEVELOPMENTS CONCERNING THE TWENTY-ONE PRODUCTS OR PRODUCT GROUPS WHICH HAD BEEN EXAMINED AT EARLIER MEETINGS OF THE GROUP

Natural honey

14. The representative of Norway said that under the marketing arrangements for agricultural products in his country, domestic producers were guaranteed the sale of their produce at agreed prices which necessitated control on imports. There had been no change in the import system since the last meeting of the Group.

15. The representative of France recalled the reasons for maintaining the restriction on natural honey which had been explained at an earlier meeting of the Group. The French authorities were ready to discuss with developing countries exporting natural honey any specific problem encountered by them. He stressed that no licence applications for imports from developing countries had been refused.

Cut flowers

16. In explaining the nature of the restriction, the representative of Switzerland said that traditional suppliers and others, including new suppliers, were granted separate quotas. The quota system was applied seasonally, from 1 May to 25 October, imports being liberalized during the rest of the year. Reiterating an offer made to the Group of Three, he said that the Swiss authorities stood ready to consider ways and means of helping developing countries to increase their share of the Swiss market, and they were invited to inform the Swiss authorities of their particular problems.

17. The representative of the Federal Republic of Germany said that although his Government had not been in a position to remove the restriction on fresh flowers for reasons explained at the last meeting of the Group, the quotas allocated had been large enough to accommodate nearly all import applications. His Government hoped to be in a position to remove the restriction in the near future.

18. The representative of France stated that bilateral quotas had been granted for imports of cut flowers and his Government was working towards a more open import system. However, there appeared to be a danger that explicit liberalization measures in a sensitive sector like this one, under pressure from such bodies as producers' organizations, might be replaced by other restrictive measures such as sanitary regulations.
19. The representative of a developing country requested the developed countries maintaining restrictions to consider favourable treatment for imports of cut flowers from tropical countries.

Potatoes, tomatoes and onions

20. The representative of Belgium informed the Group that imports of early potatoes had been liberalized except for the two-month period from 2 June to 31 July. Imports of other potatoes had been completely liberalized in January 1971. Belgium had already liberalized imports of fresh onions in 1970.

21. The representative of the Federal Republic of Germany said that the explanations given at the last meeting of the Group in regard to potatoes were still valid.

22. Explaining the general features of Austrian agriculture, the representative of Austria stated that nearly 24 per cent of the agricultural area was located in mountainous regions and that over 40 per cent of farms had an area of less than 5 hectares. Moreover, the agricultural population continued to decrease. Imports of seed potatoes had been liberalized as well as imports of other potatoes except for a certain period to be specified each year, depending on the supply and demand situation. During this period imports were under global quota or otherwise restricted. Tomatoes and onions were subject to seasonal restrictions.

Citrus fruits and juices

23. The representative of the United Kingdom said that the quota restrictions on certain citrus fruits and juices were maintained in the interests of certain Commonwealth countries in the Caribbean area and not for the protection of domestic production which was virtually non-existent. The representative of Jamaica informed the Group that Commonwealth citrus producers in the Caribbean were satisfied with the measures maintained by the United Kingdom and they would not agree to forego such measures unless alternative safeguard solutions were found. The representative of Trinidad and Tobago said that an extension of the United Kingdom Generalized System of Preferences to certain citrus fruit juices would have an adverse effect on Caribbean citrus producers and it was all the more urgent that other developed countries should open their markets to help the Caribbean producers expand their exports. He suggested that an overall study be made of the world market for citrus fruit with a view to exploring possible solutions for the problems in this sector.

Apples, pears and processed products of apples, pears and peaches

24. Referring to the country's liberalization programme in recent years, the representative of Japan said that his Government had a serious desire to proceed with the removal of remaining import restrictions. During the year 1971, fifty items had been liberalized including many items of interest to developing countries, such as apples, live animals of the bovine species, black tea, certain vegetable oils and seeds, wine, meat and offals of pigs, and manioc. With regard to items which had not yet been liberalized, quotas had been considerably enlarged.
25. The representative of France said that imports of fresh apples and dessert pears had been liberalized in 1970.

26. The representative of the Federal Republic of Germany informed the Group that restrictions on dessert apples and pears had been removed in 1970 and those on peaches preserved by sugar and peach jams in October 1971. Restrictions on preserved apples and pears and juices of these fruits falling under BTN 20.05, 20.06 and 20.07 were still in force in order to ensure domestic producers a fair share of the market.

27. The representative of Norway said that restrictions in this sector had been maintained, because there was no alternative method of improving the standard of living of small farmers.

28. The representative of Austria explained that in response to a suggestion made at the last meeting of the Group, the system of import control applied to fresh apples had now been put on a seasonal basis. With regard to other restricted items in this sector, there had been no changes.

29. The representative of the United Kingdom said that his Government would be able to consider action to liberalize these items only within the context of multilateral action. He confirmed that sterling area countries continued to be exempted from the quota restriction on account of traditional trading practices.

30. The representative of the European Communities stated that the EEC regulations as regards apples and pears in their preserved form were still at the discussion stage.

Molasses

31. The representative of Japan informed the Group that imports of molasses under both BTN headings 17.03 and 17.05 had been liberalized on 1 October 1971.

Wine and ethyl alcohol

32. In reviewing progress in this sector, the Group took into account, in particular, the recommendation of the Group of Three concerning State monopolies for wine and alcoholic products.

33. With regard to the import régime in respect of red wine in casks, the representative of Switzerland said that imports from traditional suppliers were carried out under bilateral quotas and those from other suppliers under a global quota. Imports of white wine in casks were not authorized at present.
34. The representative of Sweden said that wine falling within BTN headings 22.05 and 22.06 was imported by a State-trading authority. In explaining its operation he indicated that before taking decisions on the purchase of wine and spirits from different sources, samples were required for quality testing. Quality and price were the principal factors in purchasing decisions and recent statistics showed a steady increase in imports from several developing countries including, e.g. Cyprus, Morocco and Argentina. He referred to a publication concerning the market for wine by the International Trade Centre which stated that the existence of an import monopoly known to be one of the largest single wine importers in the world makes the Swedish market very interesting to exporters, since large orders may be secured with relatively small effort. Developing countries may create important outlets for their wine exports in Sweden. There are no quantitative restrictions. He believed that Sweden had already implemented the recommendation of the Group of Three by making efforts to increase the purchase of wine and other alcoholic beverages from developing countries.

35. The representative of Canada said that the importation of liquors and spirits including wines and undenatured ethyl alcohol were subject to exclusive Provincial trade control. Licensed distillers might, however, import undenatured ethyl alcohol for blending purposes and some Provinces had issued permits for importation by other industrial users. The Canadian Government had been apprised of the difficulties met by some developing country suppliers in having their products listed by the Provincial Liquor Boards and would consider sympathetically the recommendation of the Group of Three that it approach the Boards regarding the listing of alcoholic products from developing countries.

36. The representative of Norway explained that decisions on wine and liquor purchases by the Norwegian State monopoly were based on commercial considerations only and without discrimination or preferential treatment as between sources of supply. His Government had taken due note of the recommendation of the Group of Three and the Norwegian State monopoly would study the possibilities of increasing purchases from developing countries.

Flours and meals of fish and menthol

37. The representative of Japan informed the Group that the restrictions on these items had been removed as from 1 October 1971.

Bran

38. The representative of Austria said that his statement in regard to this item at the last meeting of the Group (paragraph 53 of COM.TD/79) was still valid and import licences were liberally issued by the Austrian authorities. He added that the import system for bran formed part of the whole system under the Austrian Marketing Law concerning cereals and milling products and it could not be changed in isolation.
Cigars and cigarillos

39. The representative of the United Kingdom said that the quota restrictions on these items from the dollar area and Cuba were maintained in the interests of Jamaican cigar and tobacco producers to protect them from the competition of other countries producing Havana-type cigars. The quotas had not always been utilized and the market for Havana-type cigars in the United Kingdom appeared to be saturated. The representative of Jamaica supported the remarks made by the United Kingdom and hoped that developing countries or a particular developing country would not be placed in a worse position as a result of the removal of any import restriction.

40. The representative of Austria said that Austrian imports of cigars and cigarillos were under a State monopoly, whose operation, however, had no restrictive effects on imports.

Leather, leather goods and leather footwear

41. The representative of Japan informed the Group that patent leather and imitation patent leather and articles of apparel of leather as well as parts of footwear had been liberalized on 30 June 1971.

42. The representative of the United Kingdom, speaking on behalf of Hong Kong, said that although the liberalization of parts of footwear by Japan was welcome, it had the effect of giving Japanese footwear manufacturers an advantage by way of easier access to the components of their products. He hoped that the Japanese Government would extend the liberalization to cover also complete leather footwear. The representative of Japan said that as earlier explained, certain internal social problems were in the way of full liberalization. However, he took note of the request made by the representative of the United Kingdom on behalf of Hong Kong.

Textile products including jute and coir manufactures

43. The representative of the Federal Republic of Germany said that quota restrictions were applied to non-cotton textiles falling under seven and a half BTN headings and cotton textiles under another seven and a half headings out of a total of 113 headings in the textiles sectors. These measures were only applicable to goods originating in a limited number of countries. In spite of the difficulties being encountered by the German textile industry, as explained at the preceding meeting of the Group, import quotas on textile products had been increased significantly in recent years and were at present, at high levels. As a result certain quotas allocated to a number of countries had not been fully utilized.

44. Referring to certain yarns and fabrics of jute subject to quota restrictions, the representative of the United Kingdom said that there had been no change in the quota system since it was introduced in 1969. It was the intention of his Government to relax the restrictions in so far as it was compatible with the need
for safeguarding employment in Dundee, where efforts were being made to alleviate the serious problems of unemployment and to diversify the industrial structure by way of adjustment assistance measures.

45. In reply to questions raised by the representative of India, the representative of the European Communities said that the question of import restrictions on jute and coir products maintained by a few member States had been the subject of extensive bilateral discussions in 1971. Mutually acceptable solutions had been actively sought and the matter would continue to receive serious attention.

46. Recalling the recommendation of the Group of Three for the elimination of discriminatory country classifications, the representative of Yugoslavia stated that the import restrictions of developed countries, in particular those applied in a discriminatory fashion, had seriously hampered the export possibilities of Yugoslav industries. His Government hoped that this problem would be tackled systematically so that mutually satisfactory solutions could be found.

DISCUSSIONS REGARDING TWENTY-NINE ADDITIONAL PRODUCTS OR PRODUCT GROUPS OF EXPORT INTEREST TO DEVELOPING COUNTRIES

Meat, offals, bacon, ham, etc.

47. The representative of Switzerland explained the import system applied to meat and offals of sheep and lambs which is recorded in document L/2758. Quota restrictions on imports of these products had been abolished in January 1967. However, in order to ensure the sale of domestic products, importers were required to purchase for slaughter, at prices fixed by the Federal Council, lean lambs from mountain regions as well as sheep, lambs and goats of domestic origin.

48. Referring to whole hams other than in air-tight containers, the representative of the United Kingdom said that the restriction was maintained to prevent bacon, which was subject to a customs duty of 10 per cent, from being imported as whole ham at the zero duty which was bound in GATT.

49. The representative of Japan said that his Government was in the process of exploring the possibilities of taking action to liberalize bacon and ham imports in response to the recommendations of the Group of Three. Although official information was not available to him at the moment, he hoped to be able to report the removal of the restrictions on these items in the near future.

Fish and crustaceans

50. In reply to questions raised by the representatives of India and by the United Kingdom on behalf of Hong Kong, in regard to restrictions on certain crustaceans and molluscs, the representative of Japan explained that it was difficult to liberalize these products because 600,000 people were engaged in the coastal fishing industry. Nevertheless, global import quotas had been enlarged and this trend would continue.
Dates, bananas and pineapples

51. The representative of the United Kingdom said that quota restrictions were maintained on imports of bananas from the dollar area to protect the interests of Commonwealth producers in the Caribbean area.

52. The representative of France stated that import restrictions on bananas were maintained to protect producers in dependent territories where production costs were high due to high social charges. French producers had encountered strong competition in other European countries from a private firm which held a monopolistic position, thus preventing French producers from entering the markets.

Rice

53. In reply to an enquiry concerning action taken to liberalize imports of rice grits and broken rice as recommended by the Group of Three, the representative of Norway said that it was the intention of his Government to liberalize imports. Negotiations carried on with another contracting party with this purpose in mind had not yet been concluded but his Government hoped to reach an agreement in the near future.

Starches, glucose, tapioca and sago

54. Referring to the restrictions on potato starch, the representative of Japan said that because of the particular climatic and soil conditions of the area where potatoes are produced, farmers could not shift their potato production to other crops and it was incumbent upon his Government to support the price of starches. The restriction was maintained to ensure the effects of this price support.

55. The representative of Sweden explained that starches as well as some other items under examination, i.e. pigmeat, horse meat, bacon and hams, canned meat, were subject to automatic licensing which was of a formal nature involving no quantitative restriction. This system resulted from negotiations between his Government and farmers' organizations.

56. The representative of Norway said that starches as well as glucose under heading 17.02 and tapioca and sago under 19.04 were under restriction because there were no alternative sales possibilities for domestically-produced industrial potatoes, which were the raw material for refined products such as starches.

57. The representative of Canada said that licensing control on importation of wheat starch formed part of a wider policy designed to assist the proper functioning of the Wheat Board and the system of marketing. In his view, this measure has no harmful effects on the trade of developing countries.
Penicillin, tyrothrycin and medicaments

58. The representative of Austria said that these items were subject to either liberal licensing or global quotas. He invited developing countries exporting these products to communicate to the Austrian authorities any difficulties they might encounter in entering the market, so that the authorities could examine them in consultation with the countries concerned. In 1971, no request for licences had been received for imports from developing countries. He added that Austria maintained these measures for security reasons and therefore they were covered by the provisions of Article XXI:(b)(ii) of the General Agreement.

Hop cones and lupulin

59. The representative of the United Kingdom stated that the restrictions imposed on these items were applied to imports from countries other than the Commonwealth and Ireland. They were maintained in support of measures to restrict domestic production and therefore were covered by the provisions of Article XI:(c)(i) of the General Agreement.

Certain food preparations

60. The representative of the Federal Republic of Germany said that certain action was envisaged in the near future regarding the restriction on imports of pudding powder (BTN ex 19.02).

Unmanufactured tobacco

61. The representatives of Austria and France explained that purchases of unmanufactured tobacco by their tobacco monopolies were based on commercial considerations and that these State-trading practices as such were not to be considered as measures restricting imports.

Sacks and bags for packing not of cotton

62. The representatives of France and the United Kingdom said that the points mentioned earlier in respect of jute manufactures were also applicable to jute sacks and bags.

Tableware, insulators, etc. of ceramic materials

63. The representative of the Federal Republic of Germany stated that for imports of these items from developing countries licences were freely issued. The restrictions were maintained to protect the German ceramic industry located near the frontier where industries were not generally in an advanced stage. The special licensing system applied to imports of ceramic products from certain countries would disappear once the common EEC trade policy in this regard had been formulated.