

RESTRICTED

28 November 1955

WORKING PARTY 9 ON UNITED STATES WAIVER (AAA)

Reference of Item 11(j) to the Working Party

At their meeting on 25 November the CONTRACTING PARTIES, at the request of the Netherlands delegation, referred to the Working Party Item 11(j) - United States Dairy Products, report under Resolution of 5 November 1954. The following is the statement of the representative of the Netherlands:

"Before entering into a substantive discussion on Item 11(j) - United States Dairy Products - we think it would be desirable to clear up beforehand the question of the relationship between this item and item 10(h) dealing with the waiver granted to the United States in connection with import restrictions imposed under Section 22 of the United States Agricultural Adjustment Act.

"Item 11(j) refers to the Resolution of the CONTRACTING PARTIES of 5 November 1954. It may be recalled that this Resolution was of a twofold character, although its two elements were closely inter-related. As a matter of fact in November 1952 the two elements were dealt with in two separate instruments: firstly, a Resolution dealing with the United States import restrictions on dairy products and, secondly, a determination authorizing the Netherlands Government to suspend certain of its obligations under the General Agreement in view of these restrictions.

"It seems to us that the first part of the 1954 Resolution has in fact been overtaken as from 5 March 1955 by the waiver just mentioned and has thereby lost its practical significance. The waiver, however, declares explicitly that it does not preclude actions by contracting parties under Article XXIII, and the authorization granted to the Netherlands therefore in our opinion stands unaffected. This is the reason why we insisted on having a separate item included in the agenda.

"The Resolution of 5 November 1954 requests a report from the United States Government. From a strictly formal point of view this obligation is not fully complied with by the presentation of the United States report under the waiver, mainly because a report under the Resolution should cover a period some months longer than that dealing with the waiver. Our delegation would not wish to insist on a separate report. We would, however,

appreciate if the CONTRACTING PARTIES would confirm that the views I have expressed regarding the relationship between the Resolution on dairy products and the waiver are correct. To us it seems desirable that at the same time it be formally decided that the United States has through its report under the waiver sufficiently met the reporting requirements of the Resolution. This might in our opinion eventually be done in the form of a ruling from the chair.

"I believe I only need to add a few words as to the substantive side of the matter which we are now considering. The United States import restrictions on dairy products have already been discussed during the present session and I may be allowed to refer to what I said on that occasion. We believe that there is no disagreement with respect to the fact that the effect of the United States import restrictions on dairy products has remained substantially unchanged compared with the situation prevailing at the time of the Resolution of 8 November 1952, 13 October 1953 and 5 November 1954. Therefore we can say that concessions granted by the United States Government to the Netherlands remain impaired in the sense of Article XXIII to virtually the same degree as in previous years.

"In view of this situation I am instructed to request an extension for another year of the authorization to apply a limit of 60,000 metric tons per annum on imports of wheat flour from the United States. As to the procedure to be followed with respect to this request, I may perhaps refer to what I said earlier regarding the inter-relationship of this matter with the problems which are under consideration in the Working Party dealing with the United States waiver. I think that in view of this fact it might be advisable for practical reasons that the present request be referred to the Working Party which is instructed to report to the CONTRACTING PARTIES on the United States waiver."

If the foregoing proposal and request of the Netherlands delegation are approved by the Working Party, a paragraph on the following lines might be added to the Working Party report:

"8. The Working Party also considered the questions referred to it by the CONTRACTING PARTIES, at the request of the Netherlands delegation, concerning the Resolution of 5 November 1954 on the United States import restrictions on dairy products. The Working Party agreed that the Report by the Government of the United States

under the Waiver of 5 March 1955 could be accepted by the CONTRACTING PARTIES as adequately meeting the requirement of a report from the United States under that Resolution. In view of the indication given by the Government of the Netherlands that it continues to suffer serious damage from the application of import restrictions on dairy products and as these restrictions have not been relaxed since the date of the Resolution, the Working Party agreed to recommend that the Government of the Netherlands, having recourse to the provisions of Article XXIII, be authorized to suspend the application to the United States of its obligations under the General Agreement to the extent necessary to allow it to apply a limit of 60,000 metric tons on imports of wheat flour from the United States during the calendar year 1956."