

Proposals for action within GATT and
other suggestions made in the course
of the Ministerial discussion

A. Action directed towards further tariff reduction

Multilateral negotiations

The United States Government is prepared to participate in tariff negotiations with the members of the European Economic Community and with other countries. The hope was expressed that the EEC and other contracting parties would agree at the present Session to a time-table of such negotiations with a view to completing these before 1 July 1962. It was also hoped that, either during these negotiations or separately, the EEC would find it possible to reduce the common external tariff on a number of tropical products. The Community took a sympathetic view to the United States proposal. On the part of Australia it was declared that where the present balance of concessions has been disrupted (by nullification or impairment) negotiations should be undertaken towards restoring the balance of concession at the highest possible level of trade. Such negotiations should be an integral part of a fairly general round of negotiations, including those relating to the external tariff of the EEC and those arising out of the powers granted to the United States Government.

Automatic reductions

Sweden welcomed the United States initiative for a new round of tariff negotiations but it was suggested that a scheme for automatic reductions would be preferable and also entirely within the spirit of GATT. The representative of Denmark considered the adoption of a plan for automatic tariff reductions as the only effective approach for reducing the disparity between high and low tariff systems on a world-wide basis.

B. Conditions of trade in agricultural products

Confrontation of agricultural policies

In the United Kingdom's view the broader problem of agriculture should be dealt with by a rigorous confrontation of agricultural policies, which the United Kingdom is ready to take part in if joined by all contracting parties. The United States is ready to enter upon a broad discussion of agricultural policies if so desired by the other contracting parties. Detailed procedures would, of course, be subject to further consideration. Canada agreed to give this United Kingdom proposal the most careful consideration, on the basis of

participation by all contracting parties. Australia welcomed the United Kingdom proposal. The confrontation should proceed on the basis of certain defined principles expected to come out of the consideration of the Report of the Experts. Denmark accepts the proposal on condition that participation is general. The objective should be to restore the present imbalance between rights and obligations of agricultural producing countries on the one hand and industrial countries on the other. The Union of South Africa supports the proposal. If found that a large number of GATT countries are in default of their obligations it should be examined whether the rules, in their present form, are capable of rigid application to primary products. A number of other speakers also supported the United Kingdom proposal and the Community declared itself willing to join in a confrontation of agricultural policies on the same basis as other contracting parties.

Study of agricultural protectionism

The United Kingdom proposes that the GATT should devise a means of measuring agricultural protection and particularly the degree of subsidy that enters into the export price. Australia recommends that a study should be made by the GATT, using the Experts' Report as a basis, of possible ways to contain the growth of agricultural protectionism and then to open the way for reductions in unwarranted protectionism. Firm arrangements should be made to secure full details, as rapidly as possible, of the extent and nature of protection existing through such non-tariff devices as subsidies or State-trading operations. The objective is to get a clear picture of the protection afforded by all these devices, which commodities are protected, how, and what is the extent of the protection. A special committee of the GATT should be set up, charged with the task of securing this information. There is further the need for a thorough examination of all agricultural waivers granted in one form or another since the Review Session. The Swedish view is that the measurement of the degree of agricultural protectionism recommended by the Experts should be entrusted to the FAO and the ECE who have already completed the first stage of such a study in their reports "Output and Expenses of Agriculture". In connexion with establishing a code of behaviour in agricultural policy, the suggestion by the Netherlands was that the underlying facts can be brought about by a joint FAO - GATT questionnaire as suggested by the Experts. These facts should then be analysed in a separate document drawn up by a group of experts to be appointed.

Code of behaviour

The EEC Commission stressed the need for a code of agricultural policy, and a confrontation of all national policies with this code. The Netherlands recommends that such a code could be negotiated, at the next Session or earlier, on the basis of an experts report (cf. above).

Experts' recommendation on variable levy - deficiency payment

The United Kingdom approves of the use of deficiency payments as a means of subsidy, considering them less harmful than raising the retail price by including the subsidy therein. The view of Germany is that the adoption of such a system conceals a number of dangers and disadvantages and that the proposal therefore needs more careful study. Sweden finds that the possibilities for a shift from price support to deficiency payments at present seem to appear rather small.

Import restrictions on agricultural products

The United States takes the view that as regards the Federal Republic of Germany, there should be either an elimination of restrictions or negotiations for an agricultural waiver. Such negotiation should not await the possible renegotiation of the GATT provisions on agriculture which would be complex and lengthy. In this connexion a reduction of Austria's discrimination against dollar imports of agricultural products was called for. New Zealand, while agreeing with the Experts' view that it would be wrong to dismantle agricultural import restrictions overnight, did not feel that this could justify their perpetuation. Unable to agree with the view of Germany that the treatment of its import restrictions should be postponed until adjustments of GATT rules concerning the agricultural sector have been made. These restrictions should be considered at the present Session. Canada could not agree to the suggestion that discriminatory import controls on agriculture could be justified in order to enable Germany to maintain industrial exports to certain countries. Australia did not accept the discriminatory treatment of imports in Germany and hoped that she would follow the correct policies for a country with no balance-of-payments problem, i.e. to dismantle restrictions within the framework of the hard-core waiver. What would be needed is not a revision of the existing GATT rules on agriculture, but rather to find ways of making existing provisions more effective. The question of German restrictions should be settled at the present Session. The Federal Republic of Germany supports the Experts' recommendation that sudden and rapid reductions of the protection of national agriculture should be avoided. GATT rules with regard to agriculture have become unsatisfactory and should be supplemented. Consideration of German import restrictions should not be treated as an individual case but should be postponed until the GATT rules have been adjusted. Denmark suggested that there are other points than balance-of-payments considerations in connexion with agricultural import restrictions. Neither the hard-core waiver nor derogations unlimited in time could be recommended. Procedures used so far seem to need some overhaul. In the view of the Netherlands, in dealing with agricultural protectionism, it should be kept in mind that it is only a symptom of the basic structural causes. On the part of the Community it was pointed out that the aims of the agricultural policy of the EEC were in line with the suggestion made by the Experts that the reduction in agricultural protectionism should be moderate, and that it should be combined with other measures to facilitate the necessary re-organization of agriculture. The GATT in its present form is inadequate to deal with agricultural policy.

C. Other obstacles to trade

Revenue duties and internal charges

In the view of the United States, the part of the Experts' Report dealing with internal charges, which severely limit the consumption of e.g. coffee and tea, should receive serious attention. A reduction in these duties was called for by India. A curtailment of domestic consumption should not be directed towards tropical products which are important export items of under-developed countries. Brazil advocates that in future tariff negotiations the access of primary products to their normal markets should be made by means of global consideration of all burdens falling upon them.

Commodity problems and stabilization

While the United Kingdom did not subscribe to the idea of counteracting short-term fluctuations in commodity prices by national buffer stocks, it supports the mitigation of fluctuations by examination commodity by commodity and recommends that GATT should examine all reasonable proposals. The United States also adheres to the product-by-product system and would not support simultaneous negotiations of stabilization schemes for a substantial number of commodities. It is not thought that international buffer-stock schemes offer a helpful method of solving commodity problems. The country is prepared to discuss lead and zinc at the present Session if contracting parties so desire but it is pointed out that the subject is being discussed with the countries directly concerned. Canada welcomes multilateral discussions of lead and zinc. Regarding the examination of commodities in general, several other speakers were in favour of the product-by-product approach.

Removal of obstacles to exports of manufactures from non-industrial countries

India asked support for improving the facilities of under-developed countries to export manufactured goods to developed countries, for example cotton textiles, jute fabrics, etc. which would increase their possibilities to import capital goods.

The European Economic Community

Several speakers referred to the effects of the Treaty of Rome. Consultations have already been initiated under Article XXII with regard to the problems raised by the association of overseas territories. Canada would be interested in considering other similar arrangements to be incorporated as part of any general procedures that may be agreed with respect to agriculture.

Relative burden of import restrictions in under-developed and industrial countries

Chile suggests that a procedure be worked out whereby the burden of import restrictions applied by under-developed countries on the one hand, and industrial countries on the other, could be measured.

Dumping in third markets

Chile proposes that an initiative be taken to study the dumping directed against third countries in a given market. This practice seems to jeopardize seriously the value of tariff concessions under the GATT.

Trade with countries outside GATT

Czechoslovakia recommends an international trade conference with the broadest possible participation. Regrets that the trade with countries of planned economics was left out from the Experts' Report.