

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(82)26/Rev.1
11 June 1982

PROGRAMME OF CONSULTATIONS ON TRADE LIBERALIZATION

RICE

Informal record prepared by the secretariat

Revision¹

1. In the context of the Programme of Consultations on Trade Liberalization, the consultation on rice was held on 11 March 1982, under the acting Chairmanship of Mr. P. Barthel-Rosa (secretariat).
2. The consultation was carried out on the basis of secretariat document COM.TD/W/353, containing information on the commercial policy situation, trade flows, consumption and other relevant factors affecting trade in rice.

General observations on trade in rice

3. Some representatives of developing countries referred to the importance of the production and export of rice for the economies of their countries. The representative of Pakistan indicated that while developing countries were responsible for the largest share of world production of rice, their share in world exports had been declining. He noted that Pakistan, due to particular soil conditions, had been increasing its rice acreage and had become one of the major exporters of rice. The bulk of Pakistan's exports were destined for the Gulf countries. He stated however that commercial policies applied by some developed countries acted as an obstacle towards increased imports and consumption by them of rice produced at competitive prices. In expressing appreciation for the concessions made in the Tokyo Round by some developed countries as well as the duty-free treatment granted by certain developed countries under the GSP, he noted that further action was required in a number of importing countries with a view to liberalizing trade in rice.
4. The representative of the European Communities recalled that the bulk of rice production and consumption took place in Asia and that developing countries had substantially increased their trade, particularly among themselves. He stated that the levels of per capita consumption in EEC

¹The revision takes into account comments and additional information provided by delegations after the consultations.

member countries differed significantly mainly due to different food habits in these countries. Variable levies which served to protect internal prices did not affect imports of rice into the Communities which, during the period 1973-1979, had almost doubled. He stated that the Communities, under a bilateral agreement with Pakistan, had undertaken a series of measures to promote the consumption of Basmati rice.

5. The representative of Japan said that rice was historically a basic staple food of the population and a principal product of Japanese agriculture. State trading, introduced in 1942 under the provisions of the Food Control Law had as an objective the stabilization of the national rice economy by adjusting supply and demand in order to guarantee food security for the population.

Clarifications and additional information

Variable levies

6. Responding to a number of questions raised by the delegation of Pakistan relating to the system of variable levies applicable to rice, the representative of the Communities stated that under the Treaty of Rome, member countries were required to guarantee the same standards of living to producers working in agriculture as to workers in the industrial sector. In conformity with the Common Agricultural Policy, intervention prices for rice, as well as for other agricultural products, were fixed with a view to ensuring a certain level of income to producers. Thus, variable levies amounting to the difference between world market prices and prices guaranteed to domestic producers were applied in order to protect certain domestically produced items against lower-cost imports from third countries. The system in his view had not had an adverse affect on rice imports into the Communities.

State trading

7. In response to a question by an exporting developing country, the representative of Japan said that State trading as operated by Japan, was consistent with Article XVII of the General Agreement. Rice was only exported under the Foreign Food Assistance Programme. Each year the Government fixed purchase and resale prices taking into account rice production costs, consumers' household expenditure, commodity prices and certain other economic conditions and factors.

8. According to the plan designed to reduce surplus rice production, the Government of Japan had taken a series of measures to sustain consumption levels and to cut over-production through limitation of acreage, introduction of other crops, etc. The rice surplus was being disposed of under the Foreign Food Assistance Programme and internally, for animal feeding and for industrial purposes.

Food assistance and re-exports

9. In answer to a question on the Foreign Food Assistance Programme, the representative of Japan said that foreign food aid was given either as a grant or in the form of long-term repayment loans where the interest rate was 2 per cent during the grace period and 3 per cent thereafter and the

repayment period was 20 years with a grace period for the first ten years. Some rice had, on occasion, been imported from Thailand and Burma to meet the requirements of the Food Assistance Programme.

10. The representative of the Communities said that food aid in rice by the Communities to developing countries was limited, amounting to about 50 thousand tons per year; it carried no obligation on the part of the recipient countries.

Quantitative restrictions

11. The representative of Pakistan expressed his concern about non-tariff measures maintained by New Zealand and Switzerland and suggested that they should be relaxed. In this regard, the representative of Switzerland stated that quantitative restrictions were applied only on imports of rice for animal feeding which represented a small portion of total rice imports, while most imports were duty-free on an m.f.n. basis or under the GSP. Swiss agricultural legislation provided for imports of fodder to be controlled in order to discourage surplus meat and milk production. In addition to internal measures such as milk delivery quotas, restrictions on the building of barns, etc., there was a ceiling on imports of fodder implemented through import quotas. A variable tax on fodder, also known as an additional price, was adjusted every three months according to world market prices.

12. After the consultation the delegation of New Zealand provided the following information: "There are no quantitative restrictions on rice. Licensing on rice in retail packs was removed in 1981."

Tariffs

13. Reference was made by a rice exporting country to the level of tariffs on rice applied by Finland and Norway. The representative of Finland said that in the Tokyo Round, Finland had made a substantial duty reduction on rice; rice used for industrial purposes was granted duty-free treatment. Being considered a substitute for certain other agricultural products produced by Finland, rice was not included in the GSP. However, he would transmit the concern expressed to the competent authorities for study.

14. The representative of Norway stated that although her authorities also considered rice a substitute for some domestically produced agricultural items, only a small proportion of rice imports from developing countries was subject to duty. Duties were applied on grits and broken rice; rice for industrial purposes was duty-free. She would transmit the concern on this matter to the competent authorities for consideration.

Possibilities for further progress in trade liberalization

15. In the light of the specific points summarized in the above paragraphs, representatives of certain rice exporting developing countries suggested that developed importing countries should afford more favourable tariff treatment to tropical rice imports through the possible reduction or elimination of remaining duties applying to this item as well as the possible reduction or elimination of certain non-tariff measures.

16. The representative of Pakistan made the following suggestions:

- EEC: special treatment for basmati rice by way of separate tariff classification.
- New Zealand: elimination of quantitative restrictions.¹
- Finland: duty-free entry on an m.f.n. basis or under the GSP for basmati rice.
- Norway: duty-free entry under the GSP for basmati rice.
- United States: duty-free treatment under the GSP for basmati rice.

¹ See paragraph 12.