

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
Nineteenth Session

## REPORT OF THE WORKING PARTY ON GERMAN IMPORT RESTRICTIONS

1. In accordance with its terms of reference, the Working Party has carried out the consultation with the Government of the Federal Republic of Germany under paragraph 3 of the Decision of 30 May 1959<sup>1</sup> concerning its import restrictions. The Working Party had before it the third annual report under the waiver decision (L/1603), together with statistical data on imports of products subject to restrictions and a list of import quotas for agricultural products contained in bilateral agreements (MGT(61)31) submitted by the Government of the Federal Republic.
2. The present report summarizes the principal points of discussion and the views of the Working Party on the application of the Decision by the Federal Republic of Germany. Annexed to the report is a list showing products included in the various annexes to the Decision which are at present still subject to import restrictions; this list was furnished by the delegation of the Federal Republic of Germany at the request of the Working Party.

### Sections A to C of Annex A (Liberalization List)

3. The Working Party noted that, with the exception of two items (item Nos. 03.02 19 ex Herring fillets, salted or in brine; and 03.02 51 Herrings, salted or in brine), quantitative import restrictions had been removed from all products included in Sections A, B and C of Annex A, in some instances ahead of schedule. For the two excepted items, the representative of the Federal Republic of Germany explained that import liberalization had been delayed to meet the special circumstances of the German herring trade. The substantially interested countries had been consulted. Import restrictions on slaughtered chickens (item No. 02.02 50 ex) which were to be removed by 1 July 1962, had in practice already been eliminated; formal liberalization would take place on 1 July 1962, the date indicated in the Annex to the Decision.

### Section D of Annex A (Goods to be liberalized after consultation)

4. The Working Party was informed that since the last consultation import restrictions and discrimination had been removed for fifteen items (with effect

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<sup>1</sup>BISD Eighth Supplement, pages 31 et seq.

from 1 January 1961) and that with respect to a further number of items liberalization had been fixed for 1 January 1963 and 1 January 1965. For certain items no date for import liberalization had been established (see the Annex to this report). Members of the Working Party noted that although some progress had been made, most items in this Section of Annex A continued to be subject to import restrictions. They pointed out that this relative lack of progress and the long delay envisaged for the removal of these restrictions was particularly regrettable, since many of these products were important, or potentially important, to the export trade of some less-developed countries which were in dire need of increased foreign exchange earnings. Nor were increases in quotas a satisfactory substitute for full liberalization. Members of the Working Party felt that the removal of restrictions and discrimination on these products up to now and the programme for future liberalization fell far short of the progress which the Federal Republic could reasonably be expected to make. Concern was expressed that there was considerable discrimination in providing access to markets for these products. Some members of the Working Party pointed out that there had been large increases in imports of these items into the Federal Republic from other EEC countries and they expressed the view that in these circumstances there was no justification for imports of these items from other sources being subject to quantitative restrictions. In their view the authorities of the Federal Republic should reconsider their import policy with respect to these items with a view to ensuring the elimination of remaining restrictions and discrimination before the expiry of the Waiver Decision, and should submit to the CONTRACTING PARTIES an accelerated programme of liberalization.

5. The representative of the Federal Republic referred to the recent discussions under the aegis of GATT of problems relating to the cotton textile trade and the "Arrangements" agreed to by the interested governments. Members of the Working Party pointed out that efforts within the framework of GATT to make multilateral arrangements in international trade in cotton textiles should not be regarded as a reason for delaying action by individual governments to remove restrictions on textile imports, including the restrictions applied by Germany under the waiver. The "Arrangements regarding International Trade in Cotton Textiles", rather than reducing the need for action to dismantle restrictions, had been made precisely in order to provide additional scope for the liberalization of imports.

6. The representative of the Federal Republic of Germany stated that there remained altogether only twenty industrial products subject to restriction. These restrictions would be removed as soon as it was possible to do so. Pending their removal, the Government, in consultation with the principally interested countries, had established a programme for progressively enlarging quotas for most of these products.

Annex B (Negative list of non-Market Law agricultural products)

7. With respect to items included in Annex B, the Decision of 30 May 1959 provides that the Federal Republic should keep the restrictions on these products under constant review and should use its best endeavours to remove such restrictions at the earliest possible date, and meanwhile endeavour

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7. With respect to items included in Annex B, the Decision of 30 May 1959 provides that the Federal Republic should keep the restrictions on these products under constant review and should use its best endeavours to remove such restrictions at the earliest possible date, and meanwhile endeavour

to improve conditions of access to the German market for all contracting parties. The Working Party noted that since the last consultation five items, namely: starch, other than from cereals; certain food preparations containing cocoa; prepared deep frozen spinach; preserved peaches; fruit salads and fruit cocktail<sup>1</sup> had been deleted from the restricted list. Members of the Working Party welcomed this step, but expressed disappointment at the very limited progress so far made in the liberalization of products included in Annex B. In view of the undertaking given by the Federal Government, contracting parties were entitled to expect significant progress in the removal of these restrictions. Furthermore, the Decision precluded all discrimination and it was a matter of concern therefore that import liberalization for certain types of cheese, casein and lucerne<sup>2</sup> had up to now not been extended to non-OEEC countries.

8. Members of the Working Party pointed out that as a result of this discriminatory treatment, imports of hard cheese from overseas countries, for example, had either declined or in one instance had even ceased, although some of these exporting countries were among the most efficient cheese producers. On the other hand, imports from certain European countries, particularly EEC countries, had increased considerably, in one instance from a mere DM.256,000 in 1958 to DM.5.4 million in 1960.

9. The representative of the Federal Republic replied that the liberalization of cheese imports from OEEC countries was possible only because of the existence of agreements on minimum export prices, which eliminated the threat of disruptive inflows of cheese benefiting from production or export subsidies. The restriction of imports from overseas sources had been maintained in order to enable countries having a traditional interest in the German market to maintain their share. That non-OEEC countries were not denied their fair share might be seen from the fact that quotas were available to them. There was, in 1960, for example, a quota of DM.3 million for hard cheese imports from Australia, New Zealand and South Africa.

10. Members of the Working Party pointed out that the obligations of the Federal Republic under the waiver were not conditional on the existence of arrangements regarding minimum export prices, and that some of the countries **excluded from these liberalization measures** were among the most efficient producers of dairy products and applied no subsidies of any kind. A quota of DM.3 million to be shared among three countries, all of which had an important export interest in cheese, could hardly be considered equitable when total imports of hard cheese in 1960 into the Federal Republic had amounted to DM.23 million. The representative of the Federal Republic of Germany explained that the figure of DM.23 million covered all types of hard cheese, while the three countries named above normally produced only Cheddar or Cheshire type cheeses. Total German imports of these particular types of cheese were only a small proportion of total cheese imports.

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<sup>1</sup>The Liberalization applies to the following items: ex 11.08 50; ex 18.06 90; ex 20.02 59; 20.06 74; ex 20.06 79.

<sup>2</sup>Items 04.04 11, 16 and 60; 35.01 11; and 12.10 95 ex respectively.

11. In discussing the import arrangements for apples and pears, members of the Working Party pointed out that quotas were often of too short a validity and were often set for specified particular varieties not usually exported by some of the countries to which the quotas were nominally available. One member of the Working Party, referring to a recent specific tender published by the Federal Republic, stated that in addition to failing to admit comparable varieties from all suppliers, the Federal Republic did not give all suppliers equivalent notice of import tenders and imposed price cut-offs that were higher for imports from some suppliers than others before embargoing imports. As a result, some countries which had a traditional interest in the German market could not count on maintaining a reasonable and steady share in the market, while total imports of these products into the Federal Republic had shown a continuous increase over the years 1958 to 1960. While such imports from certain overseas countries had declined, imports from some EEC countries had shown a very remarkable increase. These members of the Working Party urged that the Federal Republic eliminate all elements of discrimination, including that resulting from the present quota system, and remove the import restrictions at the earliest possible time.

12. Members of the Working Party noted that while it was gratifying to know that the Federal authorities were not oblivious of the difficulties caused to overseas exporters by the present German licensing regulations, this knowledge was no compensation for the lack of action to improve that situation. The only satisfactory solution would be the liberalization of such imports from all sources. Failing that, the present import arrangements should be greatly improved to ensure adequate and fair access to all supplying countries.

13. The representative of the Federal Republic explained that no difficulty was placed in the way of importation of apples and pears from countries in the southern hemisphere. The most interested non-European country in the northern hemisphere had conducted consultations with the Federal Republic subsequent to the first discussion in the Working Party and had achieved results reasonably satisfactory to dollar area suppliers. The wishes submitted to the Federal Republic of Germany concerning the varieties for which import facilities were established, had been fulfilled with only one exception. The representative of the Federal Republic also explained that imports of apples from the countries concerned, in the event of a cut-off, could enter the German market for much longer than imports from European countries. He explained that there were no discriminatory differences in minimum prices. Furthermore, it was pointed out that all issues of quotas were published in the Federal Gazette and were brought to the attention of all interested countries.

14. The representative of the United States expressed appreciation that import facilities for additional varieties had been established subsequent to the first discussion of this matter referred to in paragraph 11 above.

15. Members of the Working Party expressed disappointment that among tinned fruits, progress in import liberalization in the past year had been limited to peaches, fruit cocktail and fruit salad. They expressed the hope that the Federal Republic would soon find it possible to liberalize the remaining tinned fruits and vegetables. The representative of the Federal Republic explained that remaining import restrictions on tinned fruits were still maintained at

present in order to enable the disposal of domestically produced fruits. Imports had, however, been admitted to the fullest extent possible, as might be seen from the very considerable increase in these imports over the last few years. Aside from import facilities under bilateral quotas still in force, global quotas of a total value of DM.18.5 million had been opened in 1961 for imports of the types of tinned fruits listed in Annex B, with the exception of tinned cherries. For this particular item, quotas had been established for the United States and Canada, amounting to DM.1.8 million. As for tinned vegetables, global quotas of DM.17 million had been opened for 1961.

16. The Working Party was informed that imports for exhibition at trade fairs were admitted under special arrangements outside the ordinary quota facilities. Members of the Working Party expressed the hope that pending the elimination of import restrictions, the special facilities for trade fairs would be expanded. They considered that restrictions affecting the flow of goods for that purpose were hardly in keeping with the spirit of the General Agreement.

17. In reply to questions concerning action to improve conditions of access to the German market, the representative of the Federal Republic noted that apart from the full liberalization of certain Annex B goods (see paragraph 7 above), the improvement in access might be seen from the increase in actual imports. Imports of the products listed in Annex B had increased by more than 44 per cent in 1960 as compared to 1958 from DM.1,013 million in 1958 to DM.1,463 million in 1960. Imports from non-EEC GATT Member countries had increased from DM.280 million in 1958 to DM.398 million in 1960. This development should be seen against the liberalization measures which the Federal Government had carried out in 1958 and early 1959, even before the waiver had been granted.

#### Annex C (Certain semi-processed and processed goods)

18. Annex C covers import restrictions applied on four types of products, namely: woven fabrics of jute, bags of jute for packaging, imitation pearls and neat leather.<sup>1</sup> Members of the Working Party recalled that with respect to these products, the Federal Republic of Germany undertook to eliminate restrictions within a period of five years ending in 1964 and to report annually on progress made in this regard. The representative of the Federal Republic stated that import liberalization with respect to these items was proceeding in a way consistent with the terms laid down in the Annex, notwithstanding certain difficulties which had arisen for certain domestic industries. Members of the Working Party welcomed the renewed assurance by the Federal Republic that liberalization of restrictions on these products would continue until all restrictions were fully eliminated. They urged that in view of the particular importance of these items to certain less-developed countries, the Federal Republic further explore the possibility of accelerating their liberalization.

#### Annex D (Marketing Law products under de facto liberalization)

19. The Working Party noted that (a) imports of small dried fish (item 0515 10) had been de facto liberalized on 1 January 1961; (b) imports of dried shrimps (item 0515 20), which had been scheduled for de facto liberalization by

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<sup>1</sup>The items covered by Annex C are: 5710; ex 6205-B; ex 7019; and ex 4102-B.

1 January 1961, continued to be restricted; an agreement prolonging the previous quota arrangement had been concluded with the country principally interested in supplying this item to the Federal Republic of Germany; and (c) malt had been added early in 1961 to the list of products subject to the Marketing Laws but that imports of malt were granted de facto liberalization. This item might therefore be deemed to have been added to the list in Annex D. The representative of the Federal Republic confirmed that, with the exception of dried shrimps, no non-tariff measures affecting imports were applied on any of the products included in Annex D.

#### Annex E (Marketing Law negative list)

20. The Working Party noted that since the last consultation no item had been removed from this list, which included products subject to restrictions under the German Marketing Laws. The representative of the Federal Republic, however, stated that additional import facilities, usually in the form of global quotas, had been opened during the period under review for a number of these products, e.g. processed vegetable oils and margarine.

21. Members of the Working Party recalled that the waiver had been granted on the understanding that the Federal Republic would keep the restrictions on Annex E products under constant review with the object of increasing access to the German market by the use of unlimited global tender arrangements, without restrictions as to quantity or source of supply. They stated that it was with concern and disappointment that they viewed the complete lack of progress in moving towards de facto import liberalization for the products included in Annex E. This situation raised the serious question whether the Federal Republic of Germany intended to carry out its obligations laid down in the Decision of 1959. Members of the Working Party noted that in granting the waiver the CONTRACTING PARTIES had noted that most contracting parties did not accept the contention by the Federal Government that it was entitled to maintain restrictions on imports of products specified in the Marketing Laws. The representative of the Federal Republic explained that the position of his Government with respect to the application of the Marketing Laws which had been described in detail on earlier occasions, had not changed.

#### Agricultural products in general (Annexes B, D, and E)

22. Members of the Working Party expressed serious concern about the extent to which trade in agricultural products continued to be subject to restrictions and regulations. One member of the Working Party pointed out in this context that on the basis of production figures for recent years about 74 per cent of German agricultural production appeared to be subject to regulation under the Marketing Laws and a further 12 per cent to other forms of government regulation and intervention. Also, trade data showed that about 50 per cent of total agricultural imports were subject to non-tariff measures and about two-thirds of actual agricultural imports consisted of products which did not compete with German domestic production. At the same time, expansion of agricultural production was encouraged by a price policy which was made possible only by the severe restrictions on agricultural imports. Production of many agricultural items had responded to the stimulus of high prices because of the shelter against outside competition and, according to authoritative

estimates, further increases in production were expected. This development was naturally a matter of concern to agricultural exporting countries, particularly as the Federal Republic seemed to regard imports of agricultural products as no more than a means to fill possible gaps between domestic production and consumption.

23. In reply, the representative of the Federal Republic emphasized that his Government's agricultural policy was not aimed at achieving autarchy or giving imports a residual rôle. Every effort was made by the Government to administer the controls in a manner which, to the full extent permitted by existing legislation, took account of the interests of exporting countries.

24. With regard to the trend of agricultural production in Germany, the representative of the Federal Republic of Germany explained that increased efficiency in Germany, as in most other countries, had led to an increase in production of many agricultural products. He also said that in Germany, unlike in most other countries, the increase in production had on the whole lagged behind increases in consumption. The increase in production of cereals had, however, not been matched by increases in consumption, since consumption of cereals was declining as a result of a shift to other types of food, consequent upon the increase in personal income. He further explained that notwithstanding increases in production, the share of local products in total food consumption had diminished in the past decade and, at a level of approximately 66 per cent in 1960, was considerably below the pre-war level of about 79 per cent. In view of the increase in per capita consumption of such items as meat, dairy products, fruits and vegetables, import opportunities for many of these items had also increased. Total import outlays in the food sector (excluding coffee and tobacco) had reached a level of DM. 9,922 million in 1960, compared to DM. 9,469 million in 1959, and about DM. 8,106 million in 1958. These figures and certain recent developments, in the opinion of the representative of the Federal Republic, showed that the Federal Republic would most likely continue to be one of the world's leading importers of agricultural products.

25. Members of the Working Party noted that total imports of products included in Annexes D and E seemed to have slightly declined in 1960 as compared to 1959, that the number of products which had registered a decrease was larger than that of products showing an increase, and that imports of cereals seemed to have declined by about 6 to 7 per cent. They felt that a judgment on the access to the German market would have been facilitated if data for 1961 were also available. Failing this, it would be useful to have an indication of the magnitude of the imports envisaged under the import programme for 1961, and possibly also for 1962. The representative of the Federal Republic explained that movements in agricultural trade were influenced by many factors, for example weather. In the case of cereals, the decrease in imports in 1960 reflected the larger domestic output in that year. On the other hand, imports of butter in 1960 had remained at about the same level as in 1959, a year in which import requirements had been particularly large as a result of reduced milk production due to the drought in the spring and summer of 1959. Imports of meat which had shown a rising tendency in past years had further increased in 1961. In the first six months of 1961, meat imports had been about 10,000 tons higher than in the corresponding period of 1960. As noted in the

report submitted by the Federal Republic, imports of products subject to Marketing Laws in 1960, while slightly lower than in 1959, had nevertheless been about 30 per cent higher than in 1958. The representative of the Federal Republic explained that in view of all these reasons he was not able to forecast the magnitude of possible imports in future years and the import policy to be adopted.

26. In discussion of the licensing treatment for imports of meat which some members of the Working Party felt to be highly discriminatory certain aspects of attention was called particularly to the regime applying to chilled meats and canned variety meats. These members of the Working Party pointed out that beef continued to be in relatively short supply on the international market, and that consequently there was little likelihood of imports increasing at such a rate as to cause disturbances to the German market. The liberalization of meat and meat products, de facto if it must be, could not conceivably be harmful to the German economy.

27. Members of the Working Party noted that while admittedly the German market for mutton and lamb was likely to remain limited in the foreseeable future development of this market had been effectively prevented by the lack of access for these products; interested exporting countries had not been given a larger share in the German market or any assurance of continued access such as to make it worth while for them to undertake sales promotion. In view of the limited demand for these types of meat in the Federal Republic, it was considered that restrictions could be relaxed without danger to the internal market.

28. The representative of the Federal Republic explained that, although a large proportion of the increase in meat imports was accounted for by imports of live animals, mainly from countries in Western Europe, there were no discriminatory restrictions on imports of frozen meat. Chilled meats were generally not imported from overseas countries for sanitary reasons and there was no intention of administering licensing controls in a way giving preference to particular varieties of meat or to imports from particular sources. Although additional import facilities had been established for mutton and lamb in the past year imports of these types of meat were still very small in comparison to total meat imports.

29. The German delegation was requested to supply particulars concerning the sanitary regulations impeding imports of chilled meats from overseas countries. The representative of Uruguay stated that according to his information, chilled beef, unlike frozen beef, could be imported only for stockpiling and manufacturing purposes; imported chilled meat was debarred from access to the retail market, and retailers consequently had no way of choosing between imported and local meat on the basis of quality and price. Overseas exporters of quality chilled meats were therefore in a disadvantageous position in the market. On the other hand, chilled beef and live cattle were imported in large amounts from other countries. The representative of the Federal Republic replied that German sanitary regulations were identical for imports from all countries. However, the German Government, under a new regulation recently passed, had made provision for experimental imports of chilled meats from all interested overseas countries from the beginning of next year. He further explained that frozen

beef was not given more favourable import treatment than chilled meat. As regards the statement that large quantities of chilled meat were imported, the representative of the Federal Republic said that this was incorrect as might be seen from the statistics which showed that such imports represented no more than one half of imports of frozen meat. On the other hand, it was in the nature of things that meat and live animals would be subject to different regimes. His Government was prepared to give any further clarification which might be required through normal diplomatic channels.

30. The delegate of Uruguay stated that it also appeared that import facilities for lamb and mutton had not been shared among supplying countries in a way consistent with paragraph 2(c) of the Decision. For example, Uruguay had recently been refused quota facilities on the ground that import requirements for mutton and lamb had wholly been met by imports under existing bilateral quotas, which seemed hardly consistent with the terms of the Decision. The representative of the Federal Republic of Germany stated that Uruguay had not shown an interest in exports of mutton and lamb to the German market until recently at a moment when quotas had been allocated to other countries. To the fullest extent possible his Government would be giving sympathetic consideration to the request by Uruguay for import facilities for these types of meat.

31. Some members of the Working Party expressed concern about the effect of internal price policies for butter in the Federal Republic on the level of consumption and production, and consequently on market opportunities for traditional dairy exporting countries. They enquired to what extent the authorities of the Federal Republic had implemented the recommendations which had been made by the OEEC Deputy Ministers of Agriculture concerning measures by national governments for the encouragement of consumption of dairy products. The representative of the Federal Republic explained that efforts had been made by the German Government to encourage butter consumption and these were beginning to show some results. Butter consumption had shown some increase, despite increasing competition from margarine, and had reached a level of approximately 10 kg. per capita per year. In the second half of 1961, import quotas for 30,000 tons of butter had been opened.

32. Members of the Working Party felt, however, that the continued limitation of access to the German market for butter was a factor contributing to the pressure on the world market. Opportunities for foreign participation in the market for butter continued to be limited not only by the size of the quotas granted, but also by the administration of these quotas. These members of the Working Party felt that it should be possible for the authorities of the Federal Republic to give longer notice of quotas, to establish larger quotas each time rather than fragmentary quotas at irregular intervals, and to grant these for longer periods of validity. This would be of assistance particularly to distant overseas suppliers of butter. Members of the Working Party expressed gratification for the policy pursued by the Federal Republic of Germany in regard to the promotion of internal consumption of butter. Some members of the Working Party representing certain European countries also welcomed that the Federal Republic had not attempted to dispose of the large accumulated stocks of butter abroad. The representative of the Federal Republic of Germany pointed out that, in addition, the German market had provided opportunities for imports of butter from overseas suppliers.

33. In reply to questions, the representative of the Federal Republic stated that imports of barley, including brewery barley, were permitted under global quotas and that no acreage restriction was or could be applied in the Federal Republic, except in vine growing, for which special rules were in force.

34. In response to a question concerning the proportion of locally produced wheat to be used in the coming season, under the mixing regulations in force in Germany, the representative of the Federal Republic stated that it was not at present possible to indicate what proportion of domestically produced wheat millers would be required to use. The minimum proportion of domestic wheat to be used by millers, which had been fixed at 75 per cent for the 1961/62 season was considerably lower than in 1939, when the proportion had been 95 per cent.

35. Members of the Working Party noted with concern the extent to which certain agricultural imports continued to be subject to bilateral quotas, some of which appeared to have been granted in exchange for import facilities for German industrial products in the partner countries. The representative of the Federal Republic replied that it was not the policy of his Government to link the opening of any import facilities in the Federal Republic to the granting of special facilities for German exports; in fact such arrangements were not permitted under German law. Only in exceptional circumstances, such as very special conditions under foreign aid programmes, might arrangements of this type be made. Such consultations as had been held with supplying countries to the German market had aimed at reaching agreements with those countries on the allocation of quotas so as to fulfil the conditions laid down in paragraph 2(c) of the Decision and Article XIII of the General Agreement.

36. The representative of Uruguay pointed out that on no occasion had his country been invited to consult on the allocation of meat quotas, although Uruguay was a substantial supplier of meat. The representative of the Federal Republic observed in this connexion that all quota allocations were made public and that the Ambassador of Uruguay in Bonn was in close contact with the Federal authorities and had consequently the opportunity to raise any matter of interest to Uruguay. The representative of Uruguay expressed appreciation for the information provided by the representative of the Federal Republic of points of interest to Uruguay and he expressed the hope that this exchange of views would contribute to an intensification of trade between Uruguay and the Federal Republic of Germany.

#### General Observations

37. Members of the Working Party considered that, in view of the short time left before the expiry of the Decision in 1962, it was particularly important that at the present consultation there should be an assessment of the operation of the waiver and of the progress achieved by the Federal Republic of Germany in relaxing and eliminating restrictions covered by the waiver. Members of the Working Party noted that, in fulfilment of its obligations under the waiver, the Federal Republic had eliminated restrictions on the items included in Sections A to C of Annex A, with a few exceptions. With respect to items included in Section D of Annex A, some progress had also been made in removing the restrictions and discrimination, a time-table for the liberalization of some of the other products had been adopted, but no date had been set up for the liberalization of the remaining items. Members of the Working Party noted

the measures taken by the Federal Republic in compliance with the waiver, but expressed serious concern that some of the liberalization measures envisaged in the liberalization programme were not to be effective until 1965 and that even after that date a number of imports might remain subject to restrictions. The lack of progress with respect to these items was particularly disappointing in view of the importance of many of those products to the export trade of certain less-developed countries. It was pointed out that any restrictions on these items maintained after the expiry of the waiver would be inconsistent with Article XI of the General Agreement. Members of the Working Party urged the Federal Government to review the progress made to date and to take steps to ensure the elimination of these restrictions before the expiry of the waiver.

38. With respect to the liberalization programme established for items included in Annex C to the decision, members of the Working Party expressed the hope that the programme would be carried out so that all the restrictions would be removed before the end of May 1964; the German Government should constantly explore the possibility of accelerating the programme.

39. Members of the Working Party regretted the very limited progress that had been made in eliminating restrictions on products included in Annex B and the continued existence of discriminatory restrictions on a number of these products. The lack of progress in liberalizing these products raised serious doubts as to the likelihood of these restrictions being removed in accordance with the terms of the waiver. With respect to items included in Annex E, members of the Working Party noted that, notwithstanding the obligation undertaken by the Federal Republic under the waiver, no progress had so far been made in liberalizing these imports or in transferring them to Annex D. The concern over this lack of progress was reinforced by the effect which the continued maintenance of these restrictions was bound to have on the level of domestic production and consequently on import needs.

40. Members of the Working Party noted that although agricultural imports had shown some increase in 1960 as compared to 1959 and 1958, the participation by different countries in the increase had varied considerably. Continued discrimination and the complex licensing arrangements continued to have a detrimental effect on equal trading opportunities for all contracting parties.

41. Pointing to the widespread agricultural protection some members of the Working Party recognized that the Federal Republic was one of the few countries which in recent years had made considerable progress in the relaxation or removal of import restrictions on agricultural products.

42. Members of the Working Party stressed that the waiver had been granted to the Federal Republic in order to permit gradual adjustment to be made in the German economy so as to enable increased access to the German market. Where restrictions could not be removed immediately, increased access to the German market would contribute to a better balance of world trade and would be in the interest of the Federal Republic itself as an important trading nation.

43. Members of the Working Party, while recognizing that a considerable number of items had been liberalized, felt that a great deal remained to be done. They pointed out that it was not only for this reason that the present consultation with the Federal Republic was important but also because the waiver decision

expired towards the end of 1962 and consequently, under existing arrangements, this review would be the last occasion on which the Government of the Federal Republic would have the benefit of the views of the contracting parties for a full year in advance of the expiration of the waiver. In order that the Government of the Federal Republic might have another opportunity to indicate to the CONTRACTING PARTIES the measures it proposes to take to eliminate restrictions before the waiver expired, it was proposed that the Council should be asked, when it meets in the spring of 1962, to conduct a preliminary review of the situation. For this purpose the Federal Republic should be requested to submit an interim report by the beginning of April 1962 on further progress and on specific measures the Federal Republic proposes to take before the expiry of the waiver, together with relevant data on imports. The representative of the Federal Republic reserved the position of his Government regarding these proposals and stated that he was not able to predict the position his Government would take. Some members of the Working Party pointed out in this connexion that in accordance with its terms of reference the Working Party was only called upon to carry out the consultation with the Government of the Federal Republic regarding the application from year to year of the waiver decision.

44. The representative of Australia advised the Working Party that direct discussions would be held shortly between his Government and the Federal Republic regarding the level of access to the German market for Australian products and that his Government reserved the right to revert to the question at the next session of the Council or of the CONTRACTING PARTIES if the need should arise.

45. The representative of the Federal Republic stated that his Government was making every effort to liberalize imports. Some considerable progress had already been achieved and further liberalization was envisaged. Most of the restrictions which were still being maintained were either required by existing legislation or necessitated by abnormal market conditions arising from the prevalence of measures of subsidization and import restrictions in foreign countries. This opinion was not shared by most members of the Working Party. The representative of the Federal Republic reiterated that the breath of the problems had been amply illustrated by the findings of Committee II, and other bodies of the GATT. While the Federal Republic would strive to work towards the removal of the remaining restrictions, it was obvious that, for many of the products concerned, a solution had to be found on a multilateral basis.

46. The representative of the Federal Republic stated that he would bring the views and suggestions expressed by members of the Working Party to the attention of his Government.

47. The Working Party thanked the delegation of the Federal Republic for the spirit of co-operation which they had shown throughout the consultation.

ANNEX I

LIST OF PRODUCTS MENTIONED IN THE ANNEXES TO THE  
DECISION OF 30 MAY 1959 WHICH ARE STILL  
SUBJECT TO IMPORT RESTRICTIONS

1. Annex A, Sections (a), (b) and (c)

ex 0302 Herrings and herring fillets, salted or in brine  
ex 0202 Chickens, dead

2. Annex A, Section (d)

Products which will be liberalized on 1 January 1963

5104 01 Tyre cord fabrics of artificial or synthetic filaments  
5804 05 Epingle or frisé of cotton  
6004 50 Knitted underwear of cotton  
ex 6101 05 Men's outer garments of cotton terry towelling  
(e.g. bath-gown)  
ex 6102 05 Outer garments for women, girls and infants of cotton  
terry towelling (e.g. bath-gown, beach jacket)  
ex 6102 25 Other outer garments for women of artificial filaments  
6105 01 Handkerchiefs of tulle, lace, etc.  
6105 02 Other handkerchiefs of silk  
6106 10 Shawls, scarves etc. of silk  
9005 20 Binoculars with prisms

Products which will be liberalized on 1 January 1965

5104 51 Woven fabrics of synthetic or artificial textile filaments,  
dyed, up to 55 cm. breadth  
5104 71 - yarn dyed up to 55 cm. breadth  
5311 01 Woven fabrics for furnishings and interior decorating of  
wool or fine animal hair  
5507 10 Cotton gauze for curtains  
5507 90 Other cotton gauze  
5509 40 Other woven fabrics of cotton, for padding  
5509 60 Woven fabrics of cotton, for padding  
5607 05 Woven fabrics of synthetic or artificial textile  
fibres, for padding

6004 21 Knitted underwear of synthetic textile materials  
6005 02 Knitted bathing suits of synthetic textile materials  
6909 51 Laboratory ceramic wares  
6912 49 Tableware and toilet articles of pottery  
6913 49 Statuettes, fancy goods, furnishing articles of pottery  
ex 6914 70 Other ceramic wares of porcelain  
8441 11)  
8441 19) Sewing machines (not industrial) and parts thereof  
8441 90)  
8526 20 Insulating fittings of ceramic materials  
9703 97 Toys of base metal  
9810 29)  
9810 59) Simple mechanical lighters and parts thereof  
9810 90)

Products for which no date for liberalization has been fixed  
(current licensing system)

5104 05 )  
5104 11 )  
5104 21-27) Woven fabrics of synthetic or artificial textile  
5104 41 ) filaments  
5104 52-58)  
5104 61-65)  
5104 72-78)  
ex 5307 .. Yarns of combed sheep wool (except hard yarns), not put  
up for retail sale  
5310 10-29 Wool yarns, put up for retail sale  
5311 21-97 Woven fabrics of wool or fine animal hair  
5509 01 )  
5509 10-29) Other woven fabrics of cotton  
5509 51-58)  
5509 71-77)  
ex 5607 .. Fabrics of synthetic or artificial textile fibres, except  
fabrics for padding and felt cloth  
5802 75 Woven carpets of coconut fibres  
5804 55)  
5804 59) Velvet and plush of cotton  
5905 10 Fishing nets of synthetic textile materials  
6005 21) Knitted outer garments of wool or synthetic  
6005 23) textile materials

6101 50	Men's outer garments of cotton
<u>ex</u> 6102 21 )	Other outer garments for women etc.
6102 30-60)	
6103 50	Men's underwear, ... of cotton
6104 50	Women's underwear, ... of cotton
6105 51)	Handkerchiefs of cotton
6105 55)	
<u>ex</u> 6202 ..	Household linen of tulle etc. and of cotton
6911 11)	Tableware and household articles of porcelain
6911 19)	
6911 51)	
6911 59)	
6912 71)	Tableware etc. of other ceramic materials
6912 75)	
6913 70)	Statuettes, fancy articles etc. of porcelain and other ceramic materials
6913 90)	
8525 21)	Insulators of ceramic materials
8525 29)	

3. Annex B

Products which are not liberalized

ex 0301	Carpas, fresh or chilled
0402	Milk and cream, preserved, condensed or sweetened
ex 0404	Hard cheese, semi-hard cheese except blue-mould cheese processed cheese and cheese preparations
ex 0602	Apple trees on root stocks and seedlings; azaleas, in flower or in bud
ex 0603	Fresh flowers and flower buds, cut
ex 0701	Potatoes for human consumption and for industrial purposes other than for the production of starch, flour, meal and flakes; tomatoes cauliflowers, lettuce, endives, beans and cucumbers, fresh or chilled
ex 0806	Fresh apples and pears for dessert
ex 1102	Hulling mill products of wheat, barley, oats, rice, rye, maize, buckwheat or millet of all kinds
ex 1105	Flour and meal of potatoes
ex 1108	Grain starch, except rice starch
ex 1210	Lucerne, dried and ground
ex 1702	Artificial honey
ex 1705	Vanillin sugar
ex 1806) ex 2107)	Ice-cream and ice-cream powder
1902	Preparations of flour, starch or malt extract, used as infant food or for diatetic or culinary purposes without cocoa or with cocoa of less than 50 per cent
1903	Macaroni, spaghetti and similar products
ex 2001	Vegetable preparations with vinegar, in airtight containers, except olives
ex 2002	Vegetable preparations without vinegar, in containers of less than 5 kg., except tomatoes, mushrooms, olives, capers, artichokes, asparagus without tips, and frozen spinach
ex 2004	Fruit and plants preserved by sugar, except fruit peels
ex 2005	Jams and marmalades containing sugar or syrup, except quince jelly and marmalade prepared from bitter oranges; apple sauce

ex 2006	Preserved fruit in containers of less than 5 kg.; except pineapples, citrus fruits, peaches, fruit cocktails, and fruit salads
ex 2007	Juice of apples and pears, without sugar
2210	Vinegar, for human consumption
ex 2307	Preparations for animal feeding, containing predominantly inorganic substances
ex 3501	Casein, not hardened, for the production of human and animal food

4. Annex C

Products to be liberalized in accordance with the provisions of Annex C

5710	Woven fabrics of jute
ex 6203-B	Bags of jute for packaging
ex 7019	Imitation pearls
ex 4102-B	Neat leather

5. Annex D

Products which are not yet de facto liberalized

ex 0515	Shrimps, dried
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6. Annex E

Products which are not de facto liberalized

ex 0102	Bovine cattle for slaughter
ex 0103	Pigs for slaughter
ex 0104	Sheep for slaughter
ex 0201)	Meat and edible offals of pig (including pig fat), bovine cattle and sheep
ex 0205)	
ex 0206)	
0401	Fresh milk and cream
0403	Butter
1001)	Wheat, rye, barley, oats, maize and millet of all kinds
1002)	
1003)	
1004)	
1005)	
ex 1007)	

- ex 1101 Flour of wheat, rye, barley, oats, maize, rice,  
buckwheat and millet of all kinds
- ex 1102 Meal and great of wheat, barley, oats, rye, maize,  
buckwheat and millet of all kinds
- ex 1204 Sugar beets, including snips, other than fresh
- ex 1501 Pigs grease, for food
- ex 1507 Fatty vegetable oils, processed, for food, except  
olive oil in containers other than casks, tank wagons  
and tank ships--
- ex 1512 Animal and vegetable fats and oils, hardened, for food
- 1513 Margarine and other prepared edible fats
- ex 1601) Preparations of meat, offals or animal blood of bovine  
ex 1602) cattle, pig and sheep
- 1701 Beet and cane sugar, solid
- ex 1702 Beet root and cane juice; beet and cane syrup
- 1703 Molasses, whether or not decolourized
- ex 1705 ~~Sugar and syrup~~, flavoured or coloured, containing  
more than 70° of pure sugar
- ex 2302 Residues from the processing of cereals, except meal  
of rice for animal feeding
- ex 2303 Extracted beet root chips and other residues from  
sugar production
- ex 2307 Prepared animal food, mainly containing organic  
substances, except solubles and dog biscuits

