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SWISS IMPORT RESTRICTIONS

Second Annual Report on the Measures Maintained by the
Government of Switzerland under the Provisions of
Paragraph 1(b) of the "Declaration on the Provisional
Accession of the Swiss Confederation to the General
Agreement" of 22 November 1958

The Swiss Government submits hereunder to the twentieth session of the CONTRACTING PARTIES to GATT its second report on the application of the reservations set forth under paragraph 1(b) of the Declaration of 22 November 1958 in respect of the application of the General Agreement.

A. Introduction

The reservations by Switzerland under paragraph 1(b) of the Declaration of 22 November 1958 relate to the application of Article XI of the General Agreement and concern quantitative import restrictions based on the following legislation:

1. Federal Law of 3 October 1951 on improvement of agriculture and protection of the rural population;
2. Federal Law of 20 March 1959 on Switzerland's wheat supply;
3. Federal Law of 21 June 1932/25 October 1949 on alcohol;
4. Federal Decree of 28 September 1956 on economic defence measures in respect of foreign countries.

With one exception, namely imports of a specific category of heavy lorries, import restrictions are applied by Switzerland solely on agricultural products.

The first report submitted by Switzerland (L/1185) set forth with full supporting information the legal provisions on which the import restrictions are based. This legislation has not been amended since.

A detailed explanation of the method of application of import restrictions has been given in Committee II (L/1052) in the first report mentioned above which was presented to the sixteenth session, and in the Special Group which considered the question of Switzerland's accession to GATT in 1960/61 (L/1670). It may, therefore, seem superfluous to repeat in this report the explanations given in the earlier documents.

The present report is accompanied by two annexes.

1. List of the agricultural products covered by the Swiss Declaration of 22 November 1958.
2. Table showing trends in imports in 1955/59, 1960 and 1961 of products subject to quantitative restrictions.

B. Report on the Various Measures Applied

1. Bread cereals, fodder cereals, fodder

Under the Federal Law of 20 March 1959 on Switzerland's wheat supplies, which came into force on 1 January 1960, the import of bread cereals was withdrawn from State trading and returned to the private sector. There are no quantitative restrictions on such imports; the millers have been required however to take over domestic bread cereals. For the purpose of a levy the import of fodder remains subject to State trading. The quota limitations on imports of certain fodder products are mainly of a formal nature, for the quotas are consequently adjusted to meet demand.

2. Animals for slaughter, and meat

Import restrictions are applied in accordance with the principles stated in the first report by Switzerland. There is a rising trend in imports and they accounted for 9.54 per cent of consumption in 1960 and 10.27 per cent in 1961 (not including poultry, rabbits and fish). As regards beef, the proportion imported was 21.35 per cent in 1960 and 20.54 per cent in 1961. The drought experienced in certain parts of the country in the summer of 1962 obliged many farmers to reduce their livestock. Imports have had to be sharply reduced because of the resulting excess quantities of meat offered. This situation is, however, only temporary.

3. Dairy products

Among dairy products, butter is subject to State trading. There have been no changes in the situation since last reported on. Because of the high milk yield only 350 tons of butter could be imported in 1960, but in 1961 it was possible to import 6,000 tons. Imports for 1962 will be higher than those in 1960 but below the 1961 level. As regards whole milk powder the take-over ratio as between the imported and the domestic product has had to

be raised from 1:1 to 1:2 under an order of the Federal Department of Public Economy dated 28 April 1961. Total imports of dairy products have increased greatly. In accordance with recommendations made by certain international organizations, the Swiss Government has taken measures with a view to increasing consumption and reducing domestic production. The losses resulting from milk disposal are partly borne by producers.

4. Eggs

The period of validity of the order of 19 February 1952 concerning the egg market and egg supplies has been extended. The take-over system for domestic eggs has not been modified. By a Decree of the Federal Council dated 18 March 1960, the Federal Department of Public Economy was authorized to fix a ceiling for imports from certain countries in order to avoid serious market disruption. This authority was used for an order dated 22 December 1960, in regard to five specified countries. Egg imports have risen from 17,000 tons in the years 1955/59 to 20,700 tons in 1960 and 22,200 in 1961.

5. Fresh vegetables and potatoes

The three-phase system has been applied as hitherto to fresh vegetables. Imports showed a further sharp increase in 1961 as compared with 1960. There was also a marked increase in imports of food potatoes in 1961. In pursuance of the Federal Law on alcohol, which lays down measures for the utilization without recourse to distillation of potato harvests, certain potato products for human consumption (items 11.05.20, ex 11.05.22 and ex 19.02.01) had to be placed under quota, by an order of the Federal Council dated 14 July 1961. The quotas were established on the basis of the high level of imports in the years 1959/60.

6. Fruit

Here again, import restrictions are applied in accordance with the three-phase system which enables them to be constantly adjusted to the domestic market situation. As compared with 1960 there was a very marked increase in imports in 1961; of course, this was also due to normal crop variations.

7. Wines

It was possible to grant supplementary quotas for wine imports for 1961 and 1962 amounting to 44,000 hectolitres in 1961 and 100,000 hectolitres in 1962. In addition, the quotas for certain countries were raised.

8. Cut flowers

Quotas for cut flowers were increased appreciably by granting supplementary authorizations in 1961 and 1962 as in 1960. During the period of restriction, imports were above the average level for the years 1955/59. Imports in 1961 were about 10 per cent above those in 1960.

9. Heavy lorries

This is the only import quota for industrial products. Since the first report, the quotas have been made global, in accordance with the provisions of GATT. Existing import restrictions have been progressively relaxed by means of granting additional quotas, and since 24 February 1962 and until further notice import permits for vehicles for goods, transport, and those for public passenger transport, are issued without quantitative restriction provided that adequate justification of need is furnished.

C. Conclusions

In conclusion, it may be noted with satisfaction that because of the economic situation and the liberal policy followed by the Swiss Government, imports and the proportion of imports to consumption have continued at the previous level and have even risen in some sectors. No new quantitative restrictions have been introduced, apart from the relatively unimportant measure introducing quotas on potato products intended for human consumption.

The Swiss Government still holds the view that the case of Switzerland should be considered not on the basis of the number of restrictive measures, but in the light of the application of these measures in a given situation, which is reflected in the level of imports. It is well known, that in terms of per capita imports of agricultural products, Switzerland holds second place in the world, following the United Kingdom.

D. Annexes

1. Agricultural products covered by the Swiss Declaration of 22 November 1958.
2. Recapitulation of imports of goods subject to quantitative import restrictions in 1955/59, 1960 and 1961.

Annex 1

Agricultural Products covered by Paragraph 1(b)
of the Swiss Declaration of 22 November 1958

<u>Product</u>	<u>Present import régime</u>
1. <u>Cereals and fodder</u>	
(a) Wheat for bread	Imports free; Requirement relating to proportion of imports
(b) Other cereals for human consumption	Imports free
(c) Fodder cereals and fodder	State trading; partial restrictions
(d) Cereals for sowing	Restriction
(e) Wheat flour	Restriction (State monopoly)
2. <u>Animals and meat</u>	
(a) Cattle for slaughter, for breeding, and dairy cattle; cattle meat	Restriction
(b) Preserves and preparations of cattle meat	Restriction
(c) Chicken	Imports free
(d) Liver preparations; meat extracts	Imports free
(e) Fish	Imports free
(f) Other animals; other meat	Imports free
3. <u>Animal fats and oils</u>	
(a) Bacon, lard and unrendered fats for human consumption	Restriction
(b) <u>Idem</u> , for fodder or for industrial use	Imports free
(c) Other animal fats and oils	Imports free
4. <u>Hides and skins</u>	Imports free

<u>Product</u>	<u>Present import régime</u>
5. <u>Dairy products</u>	
(a) Milk and cream	Imports free
(b) Butter	State trading; restriction
(c) Cheese	Imports free
(d) Condensed milk	Imports free
(e) Skimmed milk powder	Imports free
(f) Whole milk powder; casein	Take-over requirement
6. <u>Eggs</u>	
(a) Fresh eggs	Take-over requirement
(b) Powdered, liquid or frozen eggs	Imports free
7. <u>Honey</u>	Imports free
8. <u>Vegetables and dried leguminous vegetables*</u>	
(a) Fresh vegetables	3-phase system
(b) Potatoes and potato products	Restrictions
(c) Vegetables, prepared or in tins	Imports free
(d) Dried leguminous vegetables	Imports free
9. <u>Fruits and fruit preparations*</u>	
(a) Apples and pears, quinces, stone fruit (with the exception of peaches), berries	3-phase system
(b) Peaches, grapes, other fresh fruit	Imports free
(c) Frozen or dried fruit	Imports free
(d) Fruit preparations (with the exception of apple and pear juices)	Imports free
(e) Apples and pears for cider and perry; cider and perry; fruit pectin	Restrictions

* of kinds produced in Switzerland.

<u>Product</u>	<u>Present import régime</u>
10. <u>Wines and grape juice</u>	
(a) Ordinary wines; white wine specialities; red wines: in casks	Restrictions
(b) Red and white wines in bottles; sweet wines; red wine specialities; sparkling wines	Imports free
(c) Grape must; grape juice	Restriction
11. <u>Oilseeds and oleaginous fruit, vegetable oils and fats</u>	Imports free
12. <u>Sugar and sugar confectionery</u>	Imports free
13. <u>Live plants and other plants etc.</u>	
(a) Fresh flowers	Restrictions from 1 May to 25 October; Imports free from 26 October to 30 April
(b) Fruit tree-stocks, vine stocks	Restrictions
(c) Other live plants and floral products	Imports free
14. <u>Tobacco</u>	Imports free
15. <u>Wool</u>	Imports free
16. <u>Alcohol</u>	State monopoly; restriction

Annex 2

Trend in Imports of Agricultural Products Subject
to Quantitative Restrictions

	<u>1955/59</u> <u>tons</u>	<u>1960</u> <u>tons</u>	<u>1961</u> <u>tons</u>
<u>1. Cereals and fodder</u>			
Wheat for bread	323,939	345,183	319,756
Flour (including hard wheat meal)	221	2,772	9,760
Cereals and fodder	541,189	579,849	537,689
Grain for sowing	11,946	11,853	11,061
	<u>Head</u>	<u>Head</u>	<u>Head</u>
<u>2. Livestock and meat</u>			
Dairy cattle and livestock for breeding (principally horses)	2,772	2,637	2,644
Cattle for slaughter	42,864	26,233	19,099
	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>
Meat, and animal fats	6,677	16,654	20,278
Preparations and preserves of meat	4,778	3,766	4,146
<u>3. Dairy products</u>			
Fresh butter	4,331	350	6,004
Milk powder, not skimmed	1,513	2,108	2,099
Casein	263	260	364
<u>4. Fresh eggs</u>			
	17,002	20,716	22,194
<u>5. Vegetables</u>			
Fresh vegetables	90,467	94,956	106,280
Food potatoes	16,932	4,403	5,462
Potato products	Negl.	227	-
Seed potatoes	35,207	20,178	25,670
Seedling onions for planting	223	117	148

	<u>1955/59</u> tons	<u>1960</u> tons	<u>1961</u> tons
6. <u>Fruit and fruit preparations</u>			
Apples and pears	38,540	14,483	37,352
Stone fruit (except peaches)	35,841	16,183	16,006
Berries	771	6,911	8,443
Apples and pears for cider and perry	8,806 (in 1957 only)	0	2,974
Pectin	10	7	13
Apple juice and pear juice	72	15	1
	<u>1,000 hl</u>	<u>1,000 hl</u>	<u>1,000 hl</u>
7. <u>Wines and grape juice</u>			
Wines	1,145	1,137	1,074
Grape juice	29.40	16.47	14.99
	<u>tons</u>	<u>tons</u>	<u>tons</u>
8. <u>Fresh flowers and other live plants</u>			
Fresh flowers, from 1 May to 25 October	341	352	388
9. <u>Alcohol</u>	5,371	3,058	7,399