

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Working Party on Trade in Certain
Natural Resource Products

SUMMARY OF POINTS RAISED DURING THE MEETING ON
20-21 SEPTEMBER 1984: FISH AND FISHERIES PRODUCTS

Note by the Secretariat

The present note, which summarises the main points raised during the Working Party's discussion on 20 and 21 September 1984 relating to fish and fisheries products, has been prepared in order to facilitate the examination of problems affecting trade in this product area by the Working Party at its further meeting which is expected to be held in the Spring of 1985 at a date to be established by the Chairman in consultation with its members.

1. The Working Party carried out a detailed review of the background study by the secretariat on Problems of Trade in Fish and Fisheries Products, circulated in document Spec(84)7 and Addenda 1 and 2. It was generally noted that the study provided an accurate and good examination of the recent and long-term developments in production, marketing and trade in fish and fisheries products by major trading countries. However, it was felt that in order to be an useful and comprehensive basis for making recommendations, the study should be supplemented with a more detailed examination of tariffs and non-tariff measures affecting trade in this product area.

2. Some delegations also emphasized the need to strengthen the section of the study dealing with tariff escalation and effective tariff protection by going beyond aggregated tariff averages shown in it. Specific examples of tariff escalation in specific markets should be identified or, at least, data on a country by country basis by three degrees of processing (unprocessed, semi-processed and processed) should be developed. In fact, it was generally felt that effective rates of protection on further processed resource products were usually higher, often substantially so, than nominal tariffs in force.

3. Since production and export subsidies as well as quantitative restrictions were considered as factors which could have a major distorting effect on trade in fish and fisheries products, the secretariat was requested to put together background notes outlining what information was already available and what could be made available by members of the Working Party concerning (i) subsidies having an impact on fish trade (some delegations felt that initially this should be restricted to export subsidies); and (ii) quantitative restrictions, including licencing, affecting the importation of fish and fisheries products.

4. It was also agreed that the background study on Problems of Trade in Fish and Fisheries Products, which was intended to remain a study by the secretariat, would be reissued in order to take into account some of the analytical input provided by members of the Working Party as well as corrections of factual points which had emerged from the discussion.

5. Several points were raised in the course of the meeting with a view of bringing into closer focus those issues on which the Working Party might be required to make recommendations in accordance with its terms of reference. Apart from recognizing the major effect on fish trade of subsidies and quantitative restrictions, it was also indicated that health and sanitary regulations, and packaging and labelling requirements could have important trade distorting implications. State intervention in fisheries trade was also considered as an expanding practice which should require attention, notably in terms of its GATT consistency.

6. Some members from developing exporting countries reiterated their concern about existing coverage and effectiveness of preferential margins granted by GSP schemes currently applied on fish and fisheries products. These members further felt that the effect on fish trade of other factors such as, inter alia, transportation costs should also be examined by the Working Party.

7. Also with respect to existing tariff preferential schemes, particularly those resulting from Article XXIV agreements, a view was expressed that these schemes might operate to divert trade. Some members pointed out, however, that Article XXIV agreements were perfectly legitimate under the General Agreement and although they might have an influence on trade, they should not be presumed to have diverting trade effects. In this connection, another member stated that it was not his intention to challenge the GATT consistency of these agreements in the framework of this Working Party (although this could perhaps be done in other GATT bodies) but merely to analyse the impact of tariff preferences on fish and fisheries products trade.

8. In some views expressed, it was reiterated that in certain countries fishing was a traditional activity confronted with special characteristics. In most cases, fishing should be controlled and production limitations should be maintained. Hence imports should also be subject to some form of control, when required in order to make effective domestic policy measures in this sector.

9. In another view expressed, it was noted that countries with a very high rate of per capita consumption and in which marine products constituted a substantial share of domestic animal protein consumption should pursue a policy aimed at achieving a substantial degree of supply security for their population. In this connection, it was also noted that the new régime of the seas and the almost generalized introduction of 200 mile Exclusive Economic Zones (EEZs) had brought a substantial change in the circumstances under which fishing was previously taking place. This basic change, while resulting in an expansion of international trade in fish and fisheries products, had affected different countries in very different ways and it would therefore require a long period of adaptation to the new situation. This had also been recognized in discussions which took place in other competent international fora. Moreover, this period of adaptation would require that serious efforts be made by all trading countries in order to adjust their fisheries to these new circumstances. It would be essential, however, that this process should aim at achieving an equitable share of benefits deriving from expanded fish trade, on the basis of reciprocal advantages and in accordance with the objectives of the General Agreement.

10. Several views were expressed that the principal objectives of the Working Party were: (i) working towards the elimination of non-tariff barriers affecting trade in this product area; and (ii) seeking a reduction in the tariff escalation for fishery processed products. In another view expressed, this Working Party was also seen as, in a broader sense, trying to lay the ground for the establishment of a multilateral framework for international trade in fish and fisheries products.

11. In this connection, some members also noted that the existing situation of world's fisheries clearly pointed to an imbalance in rights and obligations, as trade régimes were subject to very strict multilateral disciplines, notably those of the General Agreement, while no such discipline existed with respect to production régimes. Since the EEZ's were having an effect on international trade in fish and fisheries products, from that angle at least, they should form part of the Working Party's examination. Some other members emphasized, however, that any attempt to link the question of EEZ régimes to the task of the Working Party to analyse fishery trade problems falling under the purview of the General Agreement, was a dangerous concept for an open, multilateral trading system.

12. The view was also expressed that access to production was not a trade issue but one which should be defined more appropriately as an investment issue. As such, it was, therefore, clearly beyond the purview of the Working Party as nothing in the drafting history of the General Agreement would justify the contrary. In some other views expressed in this regards, it was specifically reiterated that the questions of the EEZs did not fall within the competence of GATT.

13. It was further noted that the real purpose of the exercise undertaken by the Working Party was to clarify the basic problems affecting trade in this sector with a view to indicating possible solutions. Although accepting that it would not be appropriate for the secretariat to pronounce itself on the compatibility of bilateral agreements containing elements of tariff reductions in exchange for

fishing rights with the General Agreement, some members felt essential that the Working Party also carried out a detailed review, based on a secretariat background note, of existing bilateral fishery agreements, notably those contemplating access to resources in exchange for tariff reduction or other trade privileges, in order to assess their possible effect on trade. In this connection, it was also noted that some of these agreements include elements which were of an investment nature or which otherwise did not fall within the purview of the General Agreement, while tariff reductions embodied in such agreements were often granted on an MFN basis. It was of course open to individual delegations to put forward their own papers or their own views on this subject.

14. The Working Party noted with appreciation statements by the observers from FAO and OECD on relevant activities and studies carried out by their organizations in relation to fisheries resources, production and trade.

15. Finally, in accordance with its terms of reference, the Working Party agreed that the Chairman would submit, on his own responsibility, a progress report to the Council and the CONTRACTING PARTIES at their fortieth Session in November 1984.