

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

Spec(84)2/Add.7
13 January 1984

Committee on Trade in Agriculture

DRAFT MINUTES OF THE MEETINGS HELD FROM
4 TO 13 OCTOBER AND FROM 28 TO 30 NOVEMBER 1983

Addendum

Exercise A (continued)

Romania
Sweden
Switzerland
Uruguay
Yugoslavia

ROMANIA (AG/FOR/ROM/2)

1. The representative of Romania introduced the documentation for his country, AG/FOR/ROM/2, by providing a broad-brushed picture of Romanian agriculture and, in doing so, also expressed his appreciation for technical assistance received by his delegation. He said, the Government was paying particular attention to developing a modern, intensive and high yielding agricultural sector. Agricultural land presently covered 14,964,000 hectares (63 per cent of total land surface). Area under cultivation amounted to 9,870,000 ha. All of the successive Plans of Economic and Social Development implemented since the end of the Second World War had recognized the great importance of agriculture and the need for its further development. Nevertheless, it had to be borne in mind that, starting from what had been an eminently agricultural economy, Romania had to build up a broad-based, modern economy, which meant that resources had to be transferred out of agriculture, and notably towards the industrial sector, the development of which had been particularly pronounced. In 1981, agriculture contributed 15.8 per cent of national income as compared with 27.8 per cent in 1950 and about 38 per cent in 1938. In 1950, 74 per cent of the active population was employed in agriculture, while in 1981, the share was down to 29 per cent.

2. Agricultural development in Romania proceeded in conformity with targets and under special programmes which were fully integrated into the country's single Plan of Economic and Social Development. In accordance with the targets established, particular stress was being put on improving land fertility and yields, on better land utilization and improvement and development of irrigation facilities. Special emphasis was also being placed on establishing and maintaining a rational balance between the vegetable and the animal products sectors. Thus the development plans foresaw that the animal products sector should contribute at the end of the current five-year plan, in 1985, 45-46 per cent of the total value of agricultural production, with the further goal to raise the share of the animal products sector to 50 per cent by 1990.

3. As regards trade, Romania was both an exporter and an importer of agricultural products. For certain products, (coffee, cocoa, tea, citrus fruit, olives, bananas, spices), consumption needs were covered entirely through imports. Romania also imported animals for breeding purposes, meat, fish preserves, rice and edible oils. Romania exports cereals, cattle and sheep for slaughter, meat and meat products (both fresh, chilled and preserved), fresh and preserved vegetables, fruits, honey, wine and other beverages.

4. In terms of the overall structure of Romania's foreign trade, foodstuffs accounted in 1981 for 8.1 per cent of total exports and agricultural materials destined for the production of foodstuffs for 3.5 per cent. Imports of foodstuffs for direct consumption amounted to 3.8 per cent and imports of agricultural materials for the production of foodstuffs to 6.6 per cent of total imports. It should be noted that, compared with the 1960s, the two categories of imports cited above had

grown, while those of the corresponding export categories have declined. In 1965 for example, exports of foodstuffs amounted to 14 per cent of the total, while imports of foodstuffs amounted to 1 per cent. As regards agricultural materials for the production of foodstuffs, exports in 1965 accounted for 8 per cent of the total and imports for 0.8 per cent.

5. Romania's foreign trade was carried out on the basis of the Foreign Trade Plan and the Balance-of-Payments, both of which form an integral part of the Government's Economic Development Plan. The Foreign Trade Plan was established in conformity with the import requests made and the export potential realised by producing enterprises and other economic agents. In the process of elaborating the Plan, the respective economic units established their options as regards the procurement of the requisite supplies from either domestic or foreign suppliers, taking into account, as regards foreign suppliers, also the cost element constituted by customs duties. This planning procedure and régime applied equally, without distinction, to industrial as well as to agricultural products.

6. In concluding, he stated that - as might be expected in respect of a document which covered so much ground - there were a number of minor corrections to be made, namely, certain figures in the notes and also of certain entries in the format. The corrections would be communicated to the secretariat.

7. The Community representative thanked Romania for having made an informative notification. He appreciated that in the submission, Romania had given recognition to the fact that various assistance measures and State Trading could have an impact on both exports and imports, as the case might be. One element that had not yet been sufficiently reflected in detail in the format and in the accompanying notes was the existence of various agreements concluded with other countries and the effect which such agreements, particularly those with other CMEA countries, could have on trade. More generally speaking, there remained, in practice, a problem of insufficient transparency of the market and of measures for its regulation and there was also the problem of the non-availability of sufficiently detailed and internationally comparable statistics. He welcomed therefore, as a step in the right direction, that Romania had forwarded to the secretariat a copy of the "Economic and Commercial Guide to Romania", and asked that it also be supplied directly to interested delegations.

8. The representative of Romania said that he had taken good note of the comments made by the EEC and he agreed that the non-availability of statistics that are strictly comparable was, indeed, a problem and was seen as such also by his delegation and at headquarters. Some efforts had been made, and were still being made, to improve the trade statistics, but so far this effort had not been fully successful. As regards the supply of copies of the Guide cited, he would do his best to comply. Replying to a written question submitted by the United States, in regard to import licensing, the representative of Romania explained that balance-of-payments considerations do not affect the issue of

licences as such - they do, however, affect the level of imports that can be provided for, in the sense that the enterprises concerned will have to decide whether and how much they can afford to import. As to the modalities and procedures for issuing licences, the information supplied by Romania to the Committee on Import Licensing, where this question was discussed, remained fully valid. The primary purpose of the licences was to monitor developments relating to the implementation of the Foreign Trade Plan. One of the major concerns of the Plan, as explained also in the Committee on Balance of Payments Import Restrictions, was to ensure availability of foreign exchange to pay for current imports and to pay the foreign debt incurred. He mentioned in this context that the Plan envisaged for 1984 a reduction by 25 per cent of Romania's foreign debt. He concluded by saying that the balance-of-payments difficulties currently encountered were a reflection of the overall difficult situation in which many developing countries found themselves and that, hopefully, these difficulties were only of a temporary nature.

9. The representative of the United States thanked him for the replies given to his questions.

10. The Chairman thanked the representative of Romania for the notification and the explanations given.

SWEDEN (AG/FOR/SWE/1)

1. The representative of Sweden explained that a general description of Swedish agricultural policy had been included in the notification as it was important to consider measures concerning market access and supply in relation to agricultural policy objectives. The guidelines for Swedish agricultural policy were based on a parliamentary decision of 1977, which confirmed the primary goals adopted previously in 1947 and 1967. The objectives were to secure a sufficient supply of food in case of emergency, to assure people engaged in agriculture an economic and social standard equivalent to that of comparable groups and to promote efficient farming. Existing resources of arable land should be retained for agricultural production. Apart from general price support, special assistance was provided to low-income farmers and farmers in northern Sweden. These measures had not been explicitly indicated in the tables, but information on consumers' subsidies, regional support and support to low-income farmers had been notified by Sweden on a regular basis pursuant to Article XVI:1, and had also been referred to in the explanatory note.

2. To secure a sufficient supply of food in emergency situations was one objective which constituted an integral part of the Swedish economic defence policy and implied the need of maintaining a certain production capacity within the country. Another important general objective which regards all food products was to meet the wish of the consumers to obtain a wide range of choice. Sweden is a great importer of agricultural products (in 1982; 12 billion Swedish Crowns and 7 per cent of total imports). Important items were for example coffee, tea, cocoa, citrus fruit, apples and pear, wine, a number of other horticultural products and feeding stuffs. The guidelines for Swedish agricultural policy were actually under review. This review would cover both the primary production and the food processing industry. The review would inter alia contain consideration of additional measures that could be taken to maintain the present balance between supply and demand for animal products.

3. The United States representative believed that Sweden had done a fairly thorough job in completing its format. He felt that Sweden used a fairly extensive system of import levies along with export subsidies for a few products in supporting its agricultural sector. He noted in explaining the use of variable levies, reference was made to (e) in column 16. It was his understanding that imports of wheat, apples, and pears, were subject to licensing requirement which in the case of apples and pears resulted in total cessation of imports in the second half of the year, but there seemed to be an omission of licensing on column 10. He would be grateful for information on the quality control tax and would like to know how and why this tax was assessed. It was his understanding that the following companies and associations play a major role in the importation of agricultural commodities: the Swedish Tobacco Company, the Swedish Egg Trade Company, the Swedish Oilseed Association, the Swedish Grain Trade Association and the Swedish Sugar Trading Association and would appreciate a general explanation of the role of these associations. He understood that Sweden had concluded bilateral supply agreements with Norway and Algeria involving exports of grain, but saw no indication of this. He noted the extensive use of

variable levies and welcomed an explanation on how variable levy rates were set. He wondered whether the levy was being used as a protectionist device for instance for processed potato products. He felt that the format lacked a description of support programmes and expressed particular interest in the Swedish dairy programme. He inquired what policies Sweden was following to discourage excess production of agricultural products, particularly in the meat and livestock area and whether any other tools than refunds were used to enhance the export competition of agricultural products.

4. The representative of Sweden confirmed that Sweden had applied variable import levies for agricultural levies since the middle of the 1950's when imports of agricultural, fishery and horticultural products were liberalized. Sweden was the first country to apply a variable import levy system, which was discussed in the GATT and also in the OEEC, and it was at that time considered to be an interesting experiment. The levy was, in principle, considered to be comparable to an ordinary duty. In the case of animal products, a system of middle prices and related upper and lower price limits were applied to meet policy objectives and import levies were fixed for a six month period in order to protect the middle prices. For cereals and sugar the import levies might change with variations in world market prices. The price compensation to be given to agriculture was based on negotiations between a farmers' delegation and a consumers' delegation under the chairmanship of the National Agricultural Market Board, the central administrative authority for matters concerning price and market regulations in the agricultural and fishery sectors. The calculation of compensation to be given to agriculture is based on the development in costs of buildings, machinery, tools, fuel, fertilizers, etc, the development in costs of commercialization and processing of agricultural products and income development in other sectors. The application of the price regulation through storage and export assistance was administered by seven agricultural regulation associations, semi-governmental bodies working under the directives of the National Agricultural Market Board. Exporters were members of these associations and participated in the discussions and fixation of export refunds. The Swedish Dairy Association, a farmers' cooperative organization and exporter of dairy products was a member of the relevant regulation association together with other exporters in that field. Regarding the support programme, he referred to his introductory statement and pointed out that full notification of the measures had been made pursuant to Article XVI:1 and further details were contained in notifications to the International Dairy Council and the International Meat Council. During recent years a number of measures had been taken to restrain production and efforts had been made to increase consumption, notably for animal products. The present surplus situation was mainly due to a setback in consumption and measures had been taken to stimulate the consumption of dairy products and meat. The special governmental committee working on new guidelines for the agricultural policy was considering further measures to be taken to achieve a balance between supply and demand. Concerning apples and pears, he confirmed the temporary application of import licensing to imports of these products and the application of a three-phase system

similar to those used by other countries. These measures had been notified to the GATT. From 1 July to some time in August imports were subject to automatic licensing in order to have knowledge of the quantity imported and prices quoted. On the average, imports of apples were not allowed. from August to mid-January. From mid-January on imports were free and no licences applied. The two parties concerned, the producers' organization and the importers' organization together assessed the situation and proposed exact dates. The formal decision was then taken by the Agricultural Market Board and all relevant factors were taken into account.

5. The representative of Argentina noted that while the application of variable levies by Sweden had been notified and classified as (e) in column 16, no justification, with reference to specific GATT provisions, had been indicated. He also noted that other export assistance was provided for a range of processed products and asked for a clarification of this and why reference was not made to Article XVI. The representative of Sweden explained that two systems of price equalization were in operation for processed agricultural products; an internal system and an external system. Under the internal system, equalization fees were applied to both domestic produce and imports. Under the external price equalization system import levies were collected to cover the price difference for raw materials used in processed products and compensatory payments applied to exports which had been indicated as other export assistance in column 7. With respect to imports of apples and pears, the representative of Argentina mentioned that difficulties had been created to exporters because Swedish import quotas were not published in advance and also because of discriminatory application of the quality control tax. The Swedish representative reiterated the explanations of the functioning of the Swedish system applied in this field. The symbol TX used in column 9, indicated a small quality control fee in principle applicable to both exports and imports and on a non-discriminatory basis. The sole purpose of the fee was to cover costs of inspection and health control certificate, and Article VIII was believed to be an appropriate reference. In reply to a question about the price regulation fee on fish and fish products it was explained that this applied to both domestic produce and imports on a non-discriminatory basis and the means collected were used for financing the fish price regulation.

6. The representative of Chile in his turn also deplored the lack of reference to specific GATT provisions, notably with respect to various types of licensing, and requested that the documentation should be completed on this point. In addition he asked a number of specific questions relating to measures affecting trade in fish, fruit and wheat, and relating to the justification of certain preferences (EFTA and EEC) for which reference had been made to Article XXIV. As to the latter point, he pointed out that when the respective preferential arrangements had been examined by the CONTRACTING PARTIES no consensus had been arrived at, and the classification of such preferences would more appropriately be a (d) rather than an (f). With respect to other export assistance applied to primary product components of processed products,

he considered this to be a controversial issue, and the measure might be classified as (c) or (d) rather than (f), possibly with reference to Article XVI. The Swedish representative felt it might be difficult to reply to all the various points raised, some of which were of a general character and which might therefore perhaps better be pursued in the context of Exercise B. It was confirmed that the minimum size requirements for fish applied to both domestic catches and imports in order to protect natural resources. Licensing on imports of wheat were necessary to prevent imports of varieties not fit for baking. Concerning seasonal restrictions on imports of apples and pears he again referred to what had already been said. He felt that (f) was an appropriate classification of other preferences and doubted that a (d) would be more appropriate. As to the application of preferences to positions for which the tariff was bound at zero, he said that the reason was that such bindings had been made subsequent to the granting of the preference. With respect to other export assistance to processed products he referred to what had already been explained, but he was willing to pursue the discussion on this matter for instance in the context of Exercise B.

7. The representative of the European Communities supported the suggestion that Sweden completed its notification somewhat by indicating in columns 2 and 14, the application of consumers' subsidies and various types of price support, and the Swedish representative said that he would consider to do so. In reply to a question about long term bilateral agreements for butter and cheese, the Swedish representative said that such agreements had recently been concluded with Finland and Norway under the EFTA. An agreement concerning butter and cheese had been entered into by the Swedish Dairy Association and a Swiss organization. With respect to the regulations applying to vegetable oil and fats, referred to in the explanatory notes, it was confirmed that there was a special fee on these products, but not on butter.

8. The Hungarian representative said that Hungarian exporters of eggs and poultry liver had found the sanitary regulations in Sweden to be excessive or almost prohibitive. He also drew the attention to problems experienced by new exporters of wine who were unable to sell their products. The Swedish representative replied that these problems were of technical commercial character to which an immediate answer could not be given. It would be for the competent sanitary authority and the officials in the wine monopoly to advise Hungarian exporters as to how the problems might be dealt with.

9. The Australian representative made a general observation that the Swedish import system as well as those of Norway and Finland seemed to be highly restrictive, and agricultural protection was even more prominent than for the Community. He recognized that the agricultural support policies of these countries were fully integrated in overall economic policies, something which the Swedish representative appreciated. In reply, the representative of Sweden underlined that a clearly defined production policy, aimed at balancing supply and demand, notably for animal products was an inherent element of Sweden's agricultural policy and that due regard should be taken to this fact.

The present surplus of meat was due to a set-back in consumption and not to increased levies. Measures were taken concerning both production and consumption in order to balance supply and demand. Sweden had considered shortening the period when imports of apples and pears were restricted, but the situation was such that a further relaxation of imports would make it impossible for national production to survive. In reply to specific questions raised by Australia, the Swedish representative confirmed once more that the symbol "TX" indicated the collection of a fee to cover costs of quality control and that tariff bindings were fully observed when variable levies were applied. In reply to a question from Switzerland, the Swedish representative confirmed that only the state monopoly could import alcohol, and that imports of products susceptible to containing alcohol required a permission from the National Board of Health and Welfare.

10. The representative of New Zealand recalled that this Government had admitted that it applied certain measures to imports that were not in conformity with the GATT and also hoped for similar attitudes to be expressed by others. He supported the suggestion that various support measures should be more fully indicated in the tables for Sweden, for instance in columns 2 and 14.

11. The Chairman thanked the representative of Sweden for the notification and the answers given to questions raised. He noted that the documentation on Sweden could be further completed in light of the discussion.

SWITZERLAND (AG/FOR/CHE/1)

1. Introducing Switzerland's notification to the Committee, the representative of Switzerland recalled that his country's agricultural import regime had been recently examined by a working party pursuant to established procedures under the Protocol of Accession of Switzerland to the General Agreement. He illustrated the main objectives and aims of the agricultural policy of his country pursuant to existing national legislation. A distinctive feature of such policy was that a number of measures were taken in order to secure to the country a reliable flow of agricultural supply in times of international difficulties when imports could no longer be possible. In this regard, he stressed that his country's agricultural policy should be regarded as an integral part of a long standing policy of neutrality followed by Switzerland.

2. He recognized that the maintenance of an agricultural sector of the existing proportion required some support or intervention from the State because of unfavourable conditions of production which were coupled with the high average-incomes prevailing in his country in all other sectors of economic activity. State intervention, was, however, limited by various considerations, including the need to minimize the cost of maintaining the agricultural sector in viable conditions, to import agricultural products at convenient prices, as well as the need to adapt supply with demand. Therefore, a number of measures were being taken to limit the production of certain commodities, notably milk, eggs, and certain vegetable products.

3. He stated that this policy was causing a minimum restrictive effect as illustrated by the net ratio of Switzerland's self supply which was of the order of 55 per cent only. Moreover, Switzerland was among the countries with the highest net import pro capita of agricultural products. He stated that it was against this well-known background that Switzerland had negotiated with other contracting parties its Protocol of Accession to the General Agreement. He recalled, however, that the relative freedom of action granted to Switzerland under paragraph 4 of its Protocol of Accession was limited by Switzerland's commitment to endeavour to comply with GATT provisions to the maximum extent possible. Switzerland had also an obligation to present every year a report on the application of measures maintained under its reservation. As he had already noted, Switzerland had a further obligation to submit the modalities of application of the provisions contained in its Protocol of Accession to a thorough review every three years. Switzerland's agricultural policy was characterized therefore, more than those of other countries, by the respect of well established disciplines and transparency which stemmed from Switzerland's international commitments. Turning to document AG/FOR/CHE/1, he noted that with respect to sanitary and phyto-sanitary regulations, his country had indicated in the format only those measures which were subject to counter-notifications as had been the case for most other countries. Finally, he noted that Switzerland had included in the format all products falling within CCCN Chapters 1 to 24. Therefore, fish and fishery products had been included in the format although they were not covered by the Law on Agriculture.

4. The representative of Chile referred to the last report of the working party on the Swiss Protocol of Accession. He stated that this report showed the extensive use of import restrictive measures in Switzerland and the great concern that this measure caused to those contracting parties which had an interest in exporting agricultural products to Switzerland. He therefore regretted that Switzerland continued to be considered it indispensable to make recourse to its Protocol of Accession for maintaining a wide range of import restrictive measures. With respect to specific points on the notification submitted by Switzerland, he noted that numerous tariff positions were affected by taxes for which no reference to GATT Articles were provided for in column 16. He questioned about the exact nature of these taxes, and why in some instances they had been related to Schedule LIX, while in other instances only the letter (e) was shown. Production controls had also been notified without any reference to GATT Articles but only to the letter (e). It was the same for variable levies and surcharges. He further noted that on CCCN 12.03 a tax was notified in column 11 connected with phytosanitary regulations. He therefore asked some explanation on the reason why a tax was applied in connection with sanitary regulations.

5. The representative of Switzerland replied that his country had to apply measures which were adapted to its specific requirements. The case of fruits was illustrative as the measures enforced granted to Switzerland a considerable degree of flexibility which in turn benefited the exporting countries of the Southern hemisphere. He explained that when the tax was collected on bound positions reference had been made to Schedule LIX, otherwise letter (e) had been shown, as for these measures no provisions existed in the General Agreement. Accordingly, production controls and variable levies had also been classified under (e). He further explained that the tax affecting CCCN 12.03 had been listed in column 11 because it was collected in order to repay for the costs of the required veterinary inspection on import of items following in this position.

6. The representative of Chile still asked some further clarification regarding a possible justification in terms of the GATT Articles of surcharges and taxes. He considered that a tax should normally be covered by Article III, and that a reference to either (c) or (f) should appear in column 16, according to the nature of the tax. He also asked about the difference between the taxes and surcharges.

7. The representative of Switzerland wondered what GATT Article would be applicable to the production controls applied by his country in an effort to limit the production of certain surplus commodities. He did not consider that the letter (c), insufficient application of the GATT, would be entirely appropriate in the case of a tax or a variable levy affecting unbound items. He added that some members of the Committee had used the letter (c) but certainly not all members did the same because in that case many of the notifications would be full of (c). Regarding Article III, he noted that Switzerland had notified all the measures affecting trade, and not those internal taxes which in Switzerland's view were maintained in conformity with Article III. He considered that most other members of the Committee had followed the same reasoning.

8. The representative of Canada noted that in most cases the Swiss notification made reference to the Protocol of Accession of Switzerland to the General Agreement. He pointed out that his country's expectations were that progress should be made in all respects and that all measures had to be discussed no matter what their legal basis. He recalled the Switzerland acceded to GATT in 1966 but since then most situations had changed. Switzerland itself has introduced supply/management programmes for milk, which perhaps could not have been possible in 1966 but were possible in 1983. There was, therefore, a possibility of modifying given policies and no exceptions existed to that.

9. The representative of Australia was also appreciative of the possibility offered by the Committee to discuss thoroughly the Protocol of Accession of Switzerland to the General Agreement. He noted that Switzerland maintained a broad array of measures. He considered however, that one of two other measures were omitted, notably preferential arrangements on cheese with the EEC, Austria, and Finland, exempting from the payment of supplementary charges on specialty cheese. He also questioned the use of letter (e) with respect to variable levies, noting that other members of the Committee had made reference to GATT Articles, notably Article XXIV. He wondered whether this could imply that Switzerland considered that the Committee should not address the question of variable levies. He also said that it was his understanding that with respect to some items, such as cheese and butter, import permits were required by the Swiss authorities. The only reference he had found to that in the format was that of reference prices affecting partly the tariff position.

10. The representative of Switzerland explained again why his country's system of import controls was so complex, but noted that only one measure at a time was generally applied on specific imports, normally for the greater benefit of exporting countries. Concerning preferential arrangements on cheese with the EEC, Austria, and Finland, he explained that these arrangements concerned some types of cheese in direct concurrence with the Swiss cheese. They contemplated agreements with certain suppliers on price disciplines based on reference prices for these cheeses in the Swiss market. This system was not a closed one, and Switzerland was willing to discuss with any other supplies which could have an interest in participating to those agreements. With respect to variable levies, he said that certainly it would not be appropriate for Switzerland to make a reference to Article XXIV; letter (e) was in his view appropriate, but he could also consider indicating letter (f).

11. The Community representative said that price support regimes should also be notified, where appropriate, in column 2. He further said that in column 8, for every instance of bound duties, mention should be made of the Protocol of Accession when either a tax or an additional duty could be applied under the terms of the Swiss Accession to the General Agreement. He considered that the production control on milk was an excellent initiative, but questioned whether in conjunction with the implementation of this system, Switzerland had introduced a control on import of fodder, and if so, what were its modalities. He

further questioned whether an indication should not be provided in column 14 of the fact that the specific duty system generally applied by Switzerland had a considerable effect on the real level of duty applied to processed agricultural products, normally imported with some form of packing. With respect to the monopoly tax on alcohol, he considered that in a number of instances the perception of such tax had resulted in discriminating between domestically produced and imported products. The relevance of Article III should be noted in this respect.

12. The representative of Switzerland replied that price support measures in his country almost entirely affected imports as Switzerland had little exports of agricultural products. This was the reason why these measures had been listed in column 14 and not in column 2. In those cases in which Switzerland exported items subject to price support measures, an indication had been provided in both column 2 and 7. He noted that Switzerland did not apply taxes on all bound items. Therefore it would not be appropriate to make reference to the Protocol of Accession in all the instances. Regarding import of fodder, he explained that the system in force basically aimed at limiting cattle production in Switzerland. This system was based on a global quota, the level of which was established every three months. This tax was also subject to periodic adjustments. He also mentioned that the question of a specific tariff duty was being discussed internally in his country. He agreed that the Swiss notification did not always reflect the existence of the monopoly tax on alcohol. He was prepared to complete the notification in that respect, if so requested. He indicated, however, that the custom tariffs of Switzerland did contain all the information in question.

13. The representative of New Zealand wished to obtain further clarification on two points. With respect to CCCN 02.01 (sheepmeat), he enquired whether the system of requiring that wherever the level of import of these products took place, the net importer had the obligation to purchase an equivalent percentage of the total annual product from the domestic production was still in force. With respect to veterinary and phytosanitary regulations, he pointed out that his country intended to counter notify some of those measures which affected New Zealand's exports to Switzerland.

14. The representative of Switzerland confirmed that the system described by the representative of New Zealand with respect to CCCN 02.01 was still in force. The system had been introduced in the mid 1960's, superceding the quota system previously applied and following discussion in particular with New Zealand. He noted that this system had allowed an expansion in the consumption of sheepmeat in Switzerland and indicated that in the late 1950's the domestic production of sheepmeat was around 2,100 tons and imports around 300 tons, while in 1981 domestic production was about 3,500 tons and imports about 5,000 tons.

15. The representative of the United States was also appreciative of the very complete submission made by Switzerland. He noted however, that this notification provided the best illustration of a problem which was of concern for most the countries participating in the Committee that the agricultural system was largely placed outside GATT's disciplines.

16. The representative of Hungary claimed that import prohibitions were currently in effect on CCCN 01.02, 01.03, 02.01, because of the relatively high level of Swiss domestic production. He could not find reference to these measures in the format. He further stated that, according to his information, no import licensing was granted to Hungarian importers with respect to canned ham and bacon (CCCN 16.02), although in the format reference was made to automatic licensing with respect to that item. He also considered that the monopoly tax on alcohol was not appropriately indicated in the format.

17. The representative of Switzerland noted that there were not only automatic licensing which applied to canned ham and bacon but also bilateral quotas. Hungary could export within the limit of the bilateral quotas granted to it. He recalled that the monopoly tax on alcohol applied only to imported products, while domestic products were subject to a different system. With respect to the question on import prohibition, he replied that no prohibition existed on the products in question.

18. The Chairman thanked the representative of Switzerland for the notification and the answers given.

URUGUAY (AG/FOR/URU/1)

1. The representative of Uruguay in introducing the notification for his country, said that his delegation would try to improve it further, and complete the indications to be given in column 16.
2. He briefly reviewed some characteristics of Uruguayan agriculture, which was a traditional source of wealth, but which recently had been confronted with serious problems and lost some of its rentability, as the application of protectionist measures and diminished demand for meat products had adversely affected the sales of Uruguayan products on the world market. The agricultural sector employed 11 per cent of the active population and accounted for twelve per cent of the gross national product. The livestock sector was the most important and meat products, wool and leather accounted for nearly forty per cent of total exports (1982: 386 million US dollars). 92.5 per cent of the agricultural land was used for grazing, mainly by cattle and sheep. Only 6.5 per cent of the land was used for arable crops; wheat, rice, maize, sorghum, sunflower, linseed, brewing barley, oats and soybeans. Other characteristics were rather low yields, which varied heavily due to irregular climatic conditions, and a low technological level. There was however ample room for improvement, and there was actually some progress made with respect to rice for which yields had increased in recent years. This development had been facilitated through a series of policy measures to promote production, such as free imports of machinery for rice cultivation.
3. Governmental policy was based on the following objectives: to improve the use of resources in the sector and ensure sustained growth; to encourage investment in the sector and benefit from comparative advantages; to improve breeding technology; to encourage the development and application of better techniques to raise productivity and competitiveness and to try to eliminate the transfer of imports to other sectors. In order to reach these objectives, measures were applied to control the transfer of resources to other sectors, which resulted in a negative protection of the sector, and adopt for conjunctural reasons, measures to maximize the rate of extraction. The State did not participate directly in the commercialization of agricultural products, except for in exceptional cases of great national interests. Long term and medium term credit was made available in order to have an efficient use of resources. A national system was being established to provide adequate technology through existing services. The rentability of the sector was also improved through active participation at all stages of commercialization in order to reduce the role of middlemen. Integrated sanitary and phytosanitary programmes were undertaken to fight or limit diseases and plagues of any kind. Measures were taken at private level to alleviate fluctuations in agricultural prices. No subsidies to exports were applied. Export levies had been reduced recently and might soon be eliminated altogether.

4. The general marketing policy for grains and oilseeds was established in 1978 (Decree no. 462/78). The trade was the responsibility of private agencies, with no active participation by the State. Prices for grains and oilseeds were determined by supply and demand, but the authorities could determine support prices for certain products, if deemed necessary and the Ministry of Agriculture could make direct purchases, but this had not been done recently.

5. Banco de la Republica del Uruguay provided the main source of agricultural credit, and a special credit line had been opened for various crops, purchase of animals, building of fences, the improvement of pastures and other. Size of loans and terms varied according to the purpose of the loan, and interest rates varied between 40 and 45 per cent per annum.

6. The Government was actually confronted with a difficult economic situation caused by external and internal factors having been accompanied by a fall in prices on Uruguayan exports, both for agricultural and manufactured products. Efforts embarked upon to open up the economy became incompatible with the situation in the world and the region and both the export industry and the industry producing substitutes for imports were facing increased difficulties to remain competitive. Increased credit costs tended to aggravate the situation

as well. The Government had to consider various alternatives, such as restricting imports in order to allow national production to recover, but this was feared to hamper the access to imports of goods indispensable for maintaining exports and it was therefore decided to maintain the existing policy of an open economic and carry out adjustments necessary to get through the depressed international economic situation.

7. The United States representative noted that the trend of trade liberalization had been reversed by Uruguay, with for instance the introduction of subsidies for certain agricultural products and a system of surcharges applied to most commodities. He presented the following specific questions and comments: In 1982, a system of credit certificates had been introduced, providing a credit of 18.3 per cent of the f.o.b. value for non-traditional exports of rice, fruit, vegetables, canned meat and leather. This measure should have been indicated in column 2. He also wondered when the system might be disinvoked. A system of import surcharges ranging from 10 to 70 per cent of the c.i.f. value, ought to have been indicated in column 9, but as the system was originally to have been terminated in December 1983, he sought a clarification on this point. He also suggested that a long term trade agreement with Taiwan concerning exports of wheat, sorghum, maize, tobacco and beef should have been indicated in column 7. Similarly, a barter agreement of 1982 with Poland concerning lemons and potatoes should have been indicated. Finally, he would appreciate to have the Uruguayan drawback system more fully explained, for instance in a note, given the extensive use of the system.

8. The Uruguayan representative, in reply to these questions, confirmed that no subsidies were applied but there was a law that enabled the Government to intervene in the market, but so far this had not been done. At present, no system of export credit (e.g. 18 per cent) was in operation. The drawback system invoked rather insignificant amounts of less than 5 per cent, and the system might actually be subject to reconsideration. The waiver under which the surcharge system was applied had been extended until July 1984 (L/5586). With respect to bilateral agreements referred to by the United States, these agreements had not been concluded yet, and no trade had actually taken place.

9. The representative of the European Communities reiterated a suggestion he had made concerning other notifications, namely that supports should be indicated in the columns 2 and 14. He inquired whether Uruguay did not apply export credit to certain agricultural products and whether marketing boards were not playing a role, such as the Meat Marketing Board. He would also appreciate seeing a justification of an export tax indicated in column 5, and to have an indication of the rate and whether this tax was applied at differentiated rates. Concerning imports, he was astonished to see the indication of merely automatic licensing (AL) in column 10, as Community exporters had reported to have met with great difficulties in trying to obtain access to the Uruguayan market notably for agroalimentary products such as malt, sweets, chocolate, bread and beverages. Apparently, other import restrictions were being applied, as the relatively low tariff rates should not be a reason. He furthermore sought some clarification with respect to imports of live animals and meat, for which a prohibition had been indicated in column 11.

10. In reply, the representative of Uruguay stated that he could not see what kind of support the Community representative was referring to. With regard to the export tax, this had been successively reduced to 10 per cent and would soon be terminated. State trading was applied only to alcohol and for obvious reasons. The prohibition applied to imports of live animals and meat, was limited to animals, and meat of such animals, that were or had been suffering from certain diseases. With respect to difficulties Community exporters had encountered for processed products, he felt that these were due to the economic recession, reduced purchasing power, and not to the import licensing system which had not been changed recently.

11. The Chairman thanked the representative of Uruguay for the notification and the explanations provided.

YUGOSLAVIA (AG/FOR/YUG/1)

1. The representative of Yugoslavia, briefly reviewed the role of agriculture in the Yugoslavian economy, and also mentioned that Yugoslavia was both an exporter and an importer of agricultural products. In 1983, the agricultural sector accounted for 13 per cent of the national product compared to 28 per cent twenty years earlier. In 1981, 26 per cent of the active population was engaged in agriculture against 50 per cent in 1961. This reflected a strong economic development.

2. The difficult economic environment in recent years had adversely affected Yugoslavia's external trade in agricultural products, and the relative importance of this trade had diminished. However, the country had a net export surplus of food and agricultural products. Agricultural exports accounted for 12 per cent of total exports, and major products exported were meat, grains, fruit and vegetables, wine and spirits. Agricultural imports accounted for 6 per cent of total imports, and the most important items were feed, oilseeds and a variety of tropical products.

3. Yugoslavian agriculture was well diversified, with roughly three quarters of the production coming from the private sector. The production objectives were aiming at satisfying domestic demand for food, feed and primary products for the food processing industry, to allow for adequate stocks to be held. It was also an aim to maintain a regular export of agricultural products. A long term economic stabilization programme aimed at a long term solution of difficulties arising from balance-of-payments difficulties, inflation, economic stagnation and structural problems in the processing industry. An integrated agricultural programme inter alia aimed at assisting developing countries and a trilateral trade agreement with Egypt and India was in operation, under which trade took place at preferential tariffs.

4. Various types of export promotion and income and price support had been indicated in the format, as well as licensing requirements applying to both exports and imports. Sanitary, phytosanitary regulations, and rules for packing and marking were applied in a non-discriminatory manner and did not constitute an obstacle to trade. The same was the case for a tax of 6 per cent for economic development purposes charged on imports, and an administrative charge of 1 per cent. Imports of certain products from developing countries (e.g. tropical fruit, cocoa and spices) were subject to prior approval, under a system promoting direct trade with such countries.

5. The Yugoslavian agricultural sector benefited from some general indirect assistance through target prices and intervention prices fixed by the Government and favourable credits were available in order to stimulate production, marketing and storage of agricultural products for social development reasons.

6. In reply to a question raised by the United States representative about Yugoslavian foreign exchange control, the Yugoslavian representative explained that enterprises earning foreign currencies were obliged to turn over some of their earnings to the authorities (federal and regional) and thus contribute to cover public needs and imports of for instance petrol. This was made according to an established key and the enterprise was free to dispose fo the remaining part of such earnings.

7. In his turn, the Community representative thanked Yugoslavia for a very complete notification. In reply to a question about licensing the Yugoslavian representative explained that for products that could be imported freely, the only requirement was that the importing enterprise disposed currency to pay for the imports. She furthermore confirmed that there was no state trading as such, but for strategic reserves of wheat, rice, pigmeat, butter and oil the Federal Directorate for Food Reserves invited tenders, and subsequent purchases were made on a regular commercial basis.

8. In a reply to questions raised by the representatives of New Zealand and of the United States, the representative of Yugoslavia confirmed that the tax for economic development purposes was applied to all products disregarding whether there was a tariff binding or not.

9. The Chairman thanked the representative of Yugoslavia for the notification and for the explanations given.