

GENERAL AGREEMENT ON

RESTRICTED

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TARIFFS AND TRADE

WORKING PARTY ON UNITED STATES IMPORT RESTRICTIONS ON AGRICULTURAL PRODUCTS

Written Questions from the European Economic Community

As agreed at the meeting of the Working Party on 16 September, the EEC has provided the following written questions which have been passed for answer to the representative of the United States. Together with the United States' answers, they will be annexed to the report of the Working Party. Page references in these questions are to the United States reports, document L/6256.

1. Page 2: in the section headed "Steps being taken to balance agricultural supply with demand", it is stated with regard to dairy products that "the Food Security Act of 1985 provided for gradual reductions in milk support prices".

- Does this mean that the drop in "milk support prices" is in itself a significant element in the efforts made to adjust the supply of dairy products?
- Should not the trend in the feed grain support price also be taken into account? Is it not the combined movement of these two parameters which influences milk supply?
- What has been the trend of the milk/feed price ratio?
- Is a rise in this ratio in 86/87 not evidence of the ineffectiveness of United States measures to control milk supply?

2. Page 2: with regard to support measures for peanuts, a distinction is drawn between quota peanuts, which receive full support, and non-quota peanuts. If such a distinction is made on the domestic market, what is the justification for the fact that both types of peanuts are shielded from imports by the waiver?

3. Page 2: the statement "The new legislation also contains a number of provisions designed to make United States cotton available to world markets at competitive prices" at the bottom of page 2 appears to be a reference to "marketing loans".

- Does this statement mean that for the United States the adjustment of supply to demand for cotton lies above all in increasing United States exports?

- Do the marketing loan provisions apply only to production for export? If products intended for the United States market can also benefit from them, what have been the consequences for cotton price trends in the United States?

4. Page 4: the table gives data on CCC stocks, in particular for milk and sugar.

- What has become of the amounts stocked in the past, in 1983 or 1984?
- Could the United States provide a breakdown of CCC uses of these stocks?

5. Page 5: it is stated (fifth paragraph) that "The 1985 Act continues the annual \$50,000 limit on total combined deficiency and diversion payments". According to a variety of sources, cotton planters receive sums well in excess of this \$50,000 limit.

- Is this true, and if so, what are the reasons?

6. Pages 6 and 7: the passages concerning cotton policy do not mention the programmes introduced in the United States in favour of irrigation, which clearly concern the areas planted to cotton.

- Could the United States provide information on the effects of the subsidies authorized by the competent authority (i.e. the Bureau of Reclamation), in particular as regards changes in the area planted to cotton.

7. Page 8: with regard to peanuts the United States document does not disguise the fact that limits on production were eliminated in 1985 ("acreage allotments were suspended").

- What measures are now actually applied for the limitation of production of peanuts in the United States?
- In the absence of effective production limitation measures, what is the justification for maintaining quantitative import restrictions?

8. Page 13: with regard to milk, the United States notes that production has increased.

- How does the United States justify this increase?
- Is it not due to the "voluntary" nature of the supply reduction measures introduced?

- In these circumstances, is it possible to speak of effective production limitation measures for milk in the United States?

9. Page 16: it is recalled that the United States is not self-sufficient in sugar.

- What has been the trend in the rate of self-sufficiency?
- The section on sugar does not clearly indicate the measures taken to adjust supply to demand. What are these measures? Do these adjustment measures also concern sweetening products which compete directly with sugar?

10. With regard to sugar-containing articles, could the United States specify how the quotas - introduced in 1985 for some products - have been managed.

In particular, at what times have the import quotas of interested countries been exhausted?