

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.4G/W/41
14 November 1969

Special Distribution

Agriculture Committee

DISPOSAL OF COMMODITY SURPLUSES

Draft Resolution

1. At its last meeting the Committee agreed "to request the secretariat to draw up the text of a draft resolution in consultation with interested delegations for consideration by the Committee at its November meeting, and to examine the list of transactions reproduced in Annex 2 of COM.4G/16 at that meeting, with a view to making recommendations to the Council at its meeting in December" (COM.4G/17, paragraph 17).
2. A text of a draft resolution has been drawn up by the secretariat and is attached. The lists of transactions referred to in the draft resolution are also attached as Annex A and B. Annex B is the list of transactions at Annex 2 of COM.4G/16 with the addition of certain transactions which may have the effect of pre-empting or reserving the whole or part of a market. These additions are made following suggestions made during the last meeting of the Committee (COM.4G/17, paragraph 16).

DRAFT RESOLUTION

The CONTRACTING PARTIES

Noting the increasing diversity of measures tending, directly or indirectly, to distort the pattern of international trade in agricultural products;

Noting in particular that concessional transactions made without regard to the effect on the normal commercial trade of other contracting parties could cause serious damage to their interests by restricting markets for their regular competitive exports and by disrupting market prices and that the contracting parties hereby express their intention, in engaging in concessional transactions, to do so in such a way as to avoid displacement of normal commercial trade of other contracting parties and undue disturbance of the world market;

Consider that, when making concessional transactions of the types listed in Annex A, supplying countries should establish safeguards designed to ensure that the recipient country maintains at least the usual global commercial imports of the commodity concerned and of related commodities in addition to the imports under the transactions; and that, before finalizing transactions of the types listed in Annex A, supplying contracting parties should undertake a procedure of consultation with the principal suppliers of those products and other interested contracting parties, which would contribute to the orderly development of world trade in the commodities affected and to the avoidance of prejudice to the interests of other contracting parties, and that they should give sympathetic consideration to the views expressed by other contracting parties in the course of such consultations;

Consider further that the employment by a contracting party of measures of the types listed in Annex B may result in that contracting party having a more than equitable share of world trade in the product or products concerned to the detriment of other contracting parties;

Decide

That contracting parties making transactions of the types listed in Annex A should submit written annual notifications to the CONTRACTING PARTIES summarizing their programmes, describing their policies and procedures followed in consultations with third countries and giving details of the transactions of the types listed in Annex A which they have effected;

That contracting parties which employ any of the measures listed in Annex B, either directly or through a quasi-governmental agency or centralized marketing scheme, shall notify the CONTRACTING PARTIES annually in writing of the nature, extent and estimated effect of such measures and shall in addition notify any changes in such measures as they arise;

That each contracting party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding such representations as may be made by another contracting party with respect to any matter connected with measures of the types listed in Annex B which it employs;

To consult, at the request of a contracting party, with any contracting party or parties in respect of any such matter for which it has not been possible to find a satisfactory solution through such bilateral consultation;

To establish a standing committee to ensure the adequacy of information supplied to the CONTRACTING PARTIES under this Resolution and to conduct, on behalf of the CONTRACTING PARTIES, any multilateral consultations held under the procedure established by this Resolution.

ANNEX 4

1. Gifts or donations of commodities from a government to a government of an importing country, an intergovernmental organization or a private institution for free distribution directly to the final consumers in the importing country.
2. Gifts or donations of commodities from a government to a government of an importing country, or an intergovernmental organization or a private institution for distribution, by means of sale on the open market of the importing country.
3. Monetary grants by the government of an exporting country to an importing country, for the specific purpose of purchasing a commodity from the exporting country.
4. Monetary grants by a government either to a supplying country (or countries) or to a recipient country for the specific purpose of purchasing a commodity from the exporting country (or countries) for delivery to the specific recipient country.
5. Monetary grants by a government to an intergovernmental organization for the specific purpose of purchasing commodities in the open market for delivery to eligible importing countries (developing countries).
6. Transfers of commodities under the rules and established procedures of the World Food Programme.
7. Sales for the currency of the importing country which is not transferable and is not convertible into currency or goods and services for use by the contributing country.
8. Sales for the currency of the importing country which is partially convertible into currency or goods and services for use by the contributing country.
9. Government-sponsored loans of agricultural commodities repayable in kind.
10. Sales on credit in which, as a result of government intervention, or of a centralized marketing scheme, the interest rate, period of repayment (including periods of grace) or other related terms do not conform to the commercial rates, periods or terms prevailing in the world market. In particular with respect to period of repayment, credit transactions are distinguished as follows:
 - (a) ten years or more;
 - (b) over three years and under ten years.
11. Sales in which the funds for the purchase of commodities are obtained under a loan from the government of the exporting country tied to the purchase of those commodities, distinguished as follows with respect to period of repayment:

(a) ten years or more;

(b) over three years and under ten years.

12. Transactions under categories 1 to 4 and 7 to 11 subject to tied usual marketing requirements or to tied offset purchasing requirements.

13. Transactions under categories 1 to 4 and 7 to 11 tied to the purchase of fixed quantities of the same or another commodity from the exporting country.

ANNEX B

1. Direct subsidies to exporters.
2. Export restitutions.
3. Double-pricing practices, including home-market schemes, pooling arrangements and equalization funds.
4. Deficiency payments and comparable producer price support arrangements.
5. Currency retention schemes or any similar practices which involve a bonus on exports or re-exports.
6. The remission, calculated in relation to exports, of direct taxes or social welfare charges on industrial or commercial enterprises.
7. The exemption, in respect of exported goods, of charges or taxes, other than charges in connexion with importation or indirect taxes levied at one or several stages on the same goods if sold for internal consumption; or the payment, in respect of exported goods, of amounts exceeding those effectively levied at one or several stages on these goods in the form of indirect taxes or of charges in connexion with importation or in both forms.
8. Sales in which, as a result of government intervention or of a centralized market scheme, prices are lower than prevailing world prices or, in the case of multi-year contracts, than can reasonably be expected to prevail in international markets for the duration of the contract.
9. In respect of government export credit guarantees, the charging of premiums at rates which are manifestly inadequate to cover the long-term operating costs and losses of the credit insurance institutions.
10. Sales on credit in which, as a result of government intervention or of a centralized marketing scheme, the interest rate, period of repayment (including periods of grace) or other related terms do not conform to the commercial rates, periods or terms prevailing the world market and where the period of repayment is up to three years.¹
11. The government bearing all or part of the costs incurred by exporters in obtaining credit.

¹This would include commercial and quas-commercial transactions.

12. Sales in which the funds for the purchase of commodities are obtained under a loan from the government of the exporting country tied to the purchase of those commodities and in which the period of repayment is up to three years.¹
13. Government-sponsored barter transactions
 - (a) involving price concessions
 - (b) not involving price concessions.
14. Sales for non-convertible currency
 - (a) involving price concessions
 - (b) not involving price concessions.
15. Sales which are the result of conditions attached to purchases by the country making the sale.

¹This would include commercial and quasi-commercial transactions.