

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/989
25 May 1959

Limited Distribution

CONTRACTING PARTIES
Fourteenth Session

GERMAN IMPORT RESTRICTIONS

Statement by the Representative of the Federal Republic
of Germany at the Article XXII Consultation on 11 May 1959

I.

The CONTRACTING PARTIES to GATT at their thirteenth session discussed the question of German import policies and adopted the decision that the contracting parties mainly affected by German import policies should enter into consultations with the Federal Republic in the course of January 1959. Such consultations have taken place; the report on their results has been submitted to the CONTRACTING PARTIES. Both at the thirteenth session and during the consultations the delegation of the Federal Republic explained in detail all the reasons and facts determining its import policies. The Federal Government consider the problems relating to specific products to have been explained sufficiently at the consultations. The Federal Government wish to refer here to all their earlier statements. At this juncture, however, they think that it would not be useful to start another discussion of legal issues, structural problems relating to world economy and the organization of GATT.

The Federal Government have reconsidered the situation in the light of the views and requests expressed by the CONTRACTING PARTIES at the thirteenth session and during the recent consultations, while it was their earnest intention to make every possible effort to come to an agreement with the CONTRACTING PARTIES to GATT, meeting especially the requests expressed by individual contracting parties.

The conclusions arrived at by the Federal Government after reconsidering the situation may be summarized as follows:

As requested by the CONTRACTING PARTIES, the Federal Government have considered a new far-reaching programme of liberalization.

They are, however, unable at the present moment to abolish all the existing import restrictions. In particular they are not in a position now to repeal or amend the legal provisions of the Marketing Laws. Nevertheless

they would be able to apply part of these restrictions in so liberal a way that the imports would practically cease to be restricted. Likewise, in respect of certain products which are not covered by the Marketing Laws, the Federal Government cannot at present dismantle the import restrictions for the reasons explained in detail during the consultations. Moreover, the Federal Government are not yet able to abolish import restrictions on certain industrial products, the unrestricted importation of which might result in grave damage to specific sectors of the German economy. But, as regards the products in question, the Federal Government are earnestly seeking a solution that conforms to the provisions of GATT. It is, however, the view of the Federal Government that such a solution will take some time to find, especially because a world-wide problem is involved here which cannot be solved by the Federal Republic alone but requires co-operation on the part of all the contracting parties to GATT which are able to import such products.

On the assumption that the CONTRACTING PARTIES to GATT would be ready to acknowledge the situation of the Federal Republic, the Government of the Federal Republic would be prepared to contribute to finding an arrangement with the CONTRACTING PARTIES that will settle the controversy about German import policies for a period of at least three years. In that case, the Federal Government would be ready to make whatever efforts they possibly can in order to reduce the number of import restrictions still maintained and thereby to lessen the scope of the problem. In case an agreement on these lines could be reached with the CONTRACTING PARTIES to GATT, the Government of the Federal Republic would be prepared to concur with an arrangement for which the following is suggested.

II.

It is assumed by the Government of the Federal Republic that the CONTRACTING PARTIES to GATT, under the applicable rules of procedure, would take a decision to remain in effect for at least three years. The subsequent measures and arrangements would have to be regarded as an aggregate. In this connexion, it will probably be useful to include special arrangements on consultations in order that the implementation of agreed measures and their adaptation to the interests claimed at any given time by individual contracting parties can be kept under constant review. On this assumption, the Federal Government submit the following proposals:

1. Complying with the CONTRACTING PARTIES' request that the liberalization measures promised by the Federal Government at the thirteenth session should be taken at an earlier date, the Federal Government will liberalize as per 1 July 1959, all the products indicated in List 1 which is submitted to the contracting parties separately as an annex to this document. That List 1 contains most of those products which were promised at the thirteenth session to be liberalized as per 1 January 1960.

The products which were promised at the thirteenth session to be liberalized as per 1 January 1960, and which will not be liberalized prior to that date are enumerated in List 2.

2. The Federal Government have envisaged a programme for future additional liberalizations. List 3, which is presented separately, indicates the products covered by that programme and the dates of their liberalization in respect of those contracting parties to which the provisions on liberalization are applied by the Federal Republic.

In respect of a number of products, liberalization is envisaged for 1 July 1959, already.

In respect of another group of products, liberalization is envisaged for 1 January 1960.

A third group of products is intended to be liberalized in the course of 1960 - i.e. not later than on 31 December 1960. That list contains certain products in respect of which a hard-core waiver was sought at the thirteenth session (phosphorous and derivatives; lithium hydroxide; silicon carbide; synthetic rubber; unwrought aluminium).

3. The Federal Republic hereby simultaneously submits to the CONTRACTING PARTIES to GATT in separate documents two new applications for hard-core waivers to be granted in respect of the following products: woven fabrics of jute, new jute bags; imitation pearls. Furthermore, the Federal Government maintain the application submitted at the thirteenth session for a hard-core waiver to be granted in respect of leather of bovine cattle.

List 4, submitted separately; shows the statistical item numbers covered by the hard-core waiver applications.

4. The Federal Government maintain their legal argument that they are entitled under the provisions of the Torquay Protocol to apply import restrictions to such products as are covered by the German Marketing Laws. They wish to repeat that they do not see any possibility at present of removing these restrictions. However, the Federal Government are prepared, within the powers available to them, to apply import controls to certain products subject to Marketing Laws in such a manner as to reach a de facto liberalization by a licensing system providing for current submission of tenders. The products to which this system would be applicable are indicated in List 5 which is submitted separately.

5. In respect of the products stated in List 6, submitted separately, the Federal Government intend to maintain the existing import restrictions, having recourse to Articles XI and XX of GATT.

6. List 7, submitted separately, contains the food and agricultural products which are not covered by the Marketing Laws and in respect of which the Federal Government are at present unable to lift restrictions. Thus, the Federal Government suggest that the CONTRACTING PARTIES to GATT should consent to these import restrictions being maintained for the effective period of the arrangement sought.

7. GATT document MGT/130/58/Rev.1 dated 20 November 1958 established a negative list of all import restrictions in force at that time in the Federal Republic.

After exclusion from that list of all the items dealt with in the above paragraphs 1 through 6, there remains a balance of import restrictions in the industrial sector which are summarized in the separate List 8. Here products are concerned, the immediate liberalization of which would, in the opinion of the Federal Government, result in grave disruptions of the market and serious disadvantages to the German industrial sectors concerned. The Federal Government are endeavouring, in accordance with their repeated assurance, to solve likewise these problems in concurrence with the CONTRACTING PARTIES to GATT. The Federal Government have already contacted the contracting parties mainly interested in exports of the products concerned in order to find jointly ways and means permitting to adapt such imports into the Federal Republic to the interests of both the exporting and the importing country. The Federal Government would, therefore, like to suggest that the CONTRACTING PARTIES to GATT should postpone a decision on the import restrictions discussed here and agree to the Federal Government's reporting on the results of their bilateral consultations.

8. The Federal Government will comply with the provisions of Article XIII of GATT when applying import restrictions under the arrangement sought by them with the CONTRACTING PARTIES. In cases where products are already liberalized in respect of OEEC Members, the quota system as applied hitherto will be maintained. Furthermore, as regards the products in respect of which the CONTRACTING PARTIES will consent to the maintenance of import restrictions, the Federal Government are ready to enter into consultations with any interested contracting parties and with the CONTRACTING PARTIES with a view to permitting the provisions of Article XIII to be applied in practice and to taking as far as possible into consideration the requests expressed in single cases by the interested contracting parties.

III.

The Government of the Federal Republic would like to stress that it is their earnest desire to bring the discussions on German import policies to a conclusion acceptable to all contracting parties to GATT. In this connexion, the Federal Government wish to point out that the proposals submitted here, if realized, represent a serious effort which will result in a heavy stress on the internal economy and policies of the Federal Republic. The proposals made by the Government of the Federal Republic meet but a part of the requests expressed by the CONTRACTING PARTIES to GATT at the thirteenth session and during the recent consultations of January last. Nevertheless, the Federal Government strongly feel that the measures they are suggesting represent a substantial progress towards the objective envisaged by the CONTRACTING PARTIES and that these proposals may be expected to open future possibilities permitting to an even greater extent to reconcile the import policies of the Federal Republic with the rules of GATT.

Note: One copy of the list referred to has been or will be distributed to each contracting party.