

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
Fifteenth Session

## REPORT OF THE WORKING PARTY ON GERMAN IMPORT RESTRICTIONS

1. The Working Party has examined the first annual report (L/1064) and other relevant information submitted by the Government of the Federal Republic of Germany under the Decision of 30 May 1959 granting a waiver under paragraph 5 of Article XXV of the General Agreement in connexion with the import restrictions still imposed by the Federal Republic. On the basis of this material, and with the assistance of the delegation of the Federal Republic, the Working Party has reviewed the action that has been taken by the Federal Republic to give effect to the Decision.
2. The Working Party noted that the brevity of the report submitted by the Federal Republic was explained in large part by the shortness of the period that had elapsed since the waiver Decision was taken.
3. The Working Party also took note of the documents supplied by the Government of Germany subsequent to the adoption of the waiver Decision relating to the contents of the various lists annexed to the Decision. These documents have been circulated under the symbols L/1013, L/1013/Corr.1 and L/1013/Add.1

### Annexes A and D to the Decision

4. The Working Party noted that, in accordance with the undertaking given by the Federal Republic as noted in the Decision, the liberalization of products specified in Section A of Annex A, as well as the de facto liberalization of certain products listed in the first part of Annex D, had both been put into effect as from the envisaged date, i.e. 1 July 1959.
5. The Working Party discussed with the representative of the Federal Republic the lists of products (Sections B and C of Annex A, and the last part of Annex D) which were to be liberalized by various dates up to July 1962, and enquired as to the prospects of these products being liberalized at greater speed than indicated in the respective Annexes to the Decision. The representative of the Federal Republic stated that the liberalization measures so far undertaken pursuant to the waiver Decision had already placed a ~~considerable strain~~ on the German economy. In view of the short time that had elapsed since the Decision was taken, the Federal Government was not in a position to foresee any change in the liberalization programme. Several members of the Working Party expressed doubts whether the liberalization which the Federal Government had undertaken since the Decision was taken, had indeed placed a ~~considerable strain~~ on the German economy.

6. In answer to a question, the representative of the Federal Republic stated that the date of 31 December 1960 at the beginning of the list in Section C indicated the last date by which these products would be liberalized and it did not preclude the possibility of the products being liberalized at an earlier date. Individual products could be singled out for earlier liberalization insofar as practicable, and it was not intended that each list would be brought into effect on the same date, or always on the last date envisaged.

Section D of Annex A

7. The Working Party noted from the report submitted by the Federal Republic and from oral statements by its representative that consultations had been instituted in accordance with the preamble to Section D of Annex A between the Government of the Federal Republic and the Governments of Japan and India. Both these consultations were at present in recess but would be resumed shortly. In the case of India, discussions had taken place on all products of interest to that country and every effort would be made to meet the desires of India, and while the consultation was in progress measures were being taken to increase imports from all sources, including India. Furthermore, the Federal Republic, in the consultations which it had undertaken with other countries pursuant to Section D of Annex A, had always kept in mind the export interests of India. The representative of India stressed the fact that among OEEC countries only one or two continued to apply discriminatory restrictions against Indian products. This showed that the problems which were the basis of these discriminatory restrictions were most likely to be imaginary rather than real. In his view, the importation of products of coir and coconut fibres, which were included in the list in Section D into Germany could hardly create serious problems for the German economy but they constituted important export items for countries like India.

8. The representative of Japan, while confirming that some progress had been made in the course of the consultations instituted between the Federal Republic and Japan, expressed disappointment that there still remained unsettled problems. In view of the undertaking given by the German Government to take further measures of liberalization of imports including those contained in Section D of Annex A the Government of Japan could legitimately expect that all the items listed in Section D could be liberalized without undue delay. Further, the representative of Japan expressed the hope that upon resumption of the consultations between the two Governments, the Federal Republic would be able to take a more liberal attitude on the remaining problems so that a mutually satisfactory solution could be found before the sixteenth session at the latest.

9. The representative of Pakistan pointed out that cotton textiles and certain other items on the Pakistan export list were still being restricted by Germany and expressed the hope that a consultation could be instituted with a view to arriving at solutions which were satisfactory to both countries.

10. The representative of Germany assured the Working Party that his Government would give serious consideration to the representations made by Japan, India and Pakistan. The Federal Government was continually keeping the question under review and hoped to be able to announce further liberalization of products in Section D in the near future. Where no liberalization could be made, measures would be taken as far as possible to lessen the restrictive incidence of the controls. The final solution might take some time but it was important to notice that progress was being made in the right direction. With goodwill and patience the question should be merely one of time. The German delegation had taken note of the representation made by the Pakistan representative, and assured that the interests of Pakistan would be taken into account in future liberalization measures on products in the Section D list.

11. The Working Party noted that the Federal Republic had not submitted a report to the present session as required by the preamble to Section D of Annex A. It welcomed the undertaking of the German representative that such a report would be submitted at the sixteenth session.

Agricultural Products not subject to Marketing Laws (Annex B to the Decision)

12. In discussing the list of agricultural products which remain under import restriction, several representatives called attention to the provisions of paragraphs 2(b) and 2(c) of the substantive part of the waiver Decision. In terms of paragraph 2(b), members of the Working Party asked the representative of the Federal Republic what were the prospects of some of the products being removed from the list at an early date, and what action had been taken by the Federal Government to improve conditions of access to the German market for the contracting parties. Various representatives referred to particular products which were of interest to their countries and on which they hoped liberalization measures could be undertaken by the Federal Republic at an early date. The products mentioned included cheese, condensed milk and milk products, fresh apples, canned fruit, canned vegetables, jams and marmelades. Further, in the light of the provisions of paragraph 2(c) of the Decision, the representative of the Federal Republic was invited to indicate whether any changes had been made in the import control system which discriminated in favour of OEEC countries and against outside suppliers, and insofar as this discrimination remained, whether any action at an early date could be expected. The representative of the Federal Republic referred to the information contained in the written report (L/1064) and elsewhere that global quotas for fresh apples and various other products had been opened in accordance with the terms of the waiver Decision. He added, however, that in present circumstances his Government was not in a position to foresee the liberalization of these products in the near future. In accordance with the provisions of the Decision, the Federal Republic would of course be prepared to give sympathetic consideration to such representations as might be made by interested contracting parties, and in cases where the allocation of quotas was involved, to consult with all contracting parties having a substantial interest in supplying the product in question.

Marketing Laws Negative List (Annex E to the Decision)

13. In discussing the Marketing Laws Negative List, several representatives stressed the continuing importance which their governments attached to the provisions of paragraph 2(a) of the Decision under which the Government of the Federal Republic undertook in the application of the Marketing Laws, and within the limitations imposed by those laws, to endeavour to establish conditions which would afford increasing opportunities of access to the German market for the products covered in Annex E. They noted that this paragraph of the Decision also required the Federal Republic to keep the restrictions on the products in this Annex under constant review with the object of liberalizing as many as possible of the products on the de facto basis applicable to Annex D, and asked to what extent this condition had been observed by the Federal Republic and whether increasing opportunities had been afforded to exporters of the products concerned since the Decision came into operation.

14. The representative of the Federal Republic of Germany stated that Annex D in its present form represented almost the full scope for flexibility allowed to the government under the Marketing Laws and, without a complete revision of the Marketing Laws, there could be little possibility of any significant additions to Annex D. He reminded the Working Party that, as the delegation of the Federal Republic had stated in May, the main reason for the inability of the Government of the Federal Republic to revise the Marketing Laws at the present time, even though these were acknowledged to be out of date in some respects, was that they would need to be revised in the context of the common agricultural policy of the European Economic Community and it would be at least six months before the main features of this policy could be known. It was not possible at the present time to inform the Working Party whether all the items at present listed in Annex E would be subject to the provisions of the common agricultural policy or whether individual Member States would be empowered to adopt separate policies in relation to specific items.

15. Members of the Working Party stressed their view that the revision of the Marketing Laws in the context of the common agricultural policy of the Community should not prevent the fulfilment of the undertaking in paragraph 2(c) of the Decision. Since the framework of the Marketing Laws permitted de facto liberalization, and since this had already been put into operation for some products, it was difficult to appreciate the reasons which made it impossible for the Government of the Federal Republic to apply de facto liberalization to more items. They emphasized that acceptance of the retention of quantitative restrictions of the items in Annex E had represented real concessions on the part of certain agricultural exporting countries to accommodate the difficulties of the Federal Republic and stressed the importance which they attached to the implementation of the undertakings which had been made in respect of these items.

16. The representative of the Federal Republic reminded the Working Party that the undertakings given by his country were conditioned by the limitations imposed by the Marketing Laws. He also stated that the Government of the Federal Republic had exercised the maximum flexibility permitted by those laws; negotiations had been carried out with all interested countries and agreements had been reached with almost all interested contracting parties.

Other Questions

17. Members of the Working Party stressed the importance of strict conformity with paragraph 2(c) of the Decision which required that, in cases in which a quota was allocated among supplying countries, the Federal Republic should consult with all other contracting parties having a substantial interest in supplying the product concerned with respect to the allocation of shares in the quota. The representative of the Federal Republic stated that the Federal Republic's policy of administering quotas was in conformity with the provisions of Article XIII. A few members of the Working Party noted that the allocation of country quotas in a manner which gave individual countries a larger share than they would have had in the absence of restrictions would result in discrimination. In the view of some members of the Working Party, the provisions of Article XIII:3(c) of the General Agreement required that contracting parties should be informed of quota arrangements in addition to publications in official gazettes, and stressed their view that the Federal Republic should, in the administration of quotas, conform with the provisions of this paragraph of Article XIII. The representative of the Federal Republic expressed his view that the publication of quotas was in conformity with the provisions of Article XIII of the General Agreement.

18. The representative of Czechoslovakia referred to the provisions of paragraph 2(c) of the waiver Decision and expressed the hope that progress would be made by the Federal Republic in eliminating its discriminatory restrictions against imports from certain countries including Czechoslovakia. The representative of Germany stated that his delegation would take due note of this representation and thought that a consultation with Czechoslovakia should enable a satisfactory agreement to be reached between their two countries.

19. Members of the Working Party noted that, although some imports were now permitted of items where formerly there had been a complete ban, nevertheless many items still remained subject to complete import prohibition.

20. The Working Party suggested that future reports, which would cover a longer period of operation of the waiver, indicate the nature of licensing treatment applied with respect to the products subject to quantitative import restrictions. The Working Party also suggested that the Federal Republic furnish the CONTRACTING PARTIES with statistics, at appropriate intervals, on those products listed in the Annexes to the Decision for which separate data do not appear in the published official import statistics of the Federal Republic. The Working Party also suggested that the Federal Republic of Germany, in its annual reports should, in respect of products covered in the waiver, supply information on quotas allocated to individual countries.