

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT OF THE SPECIAL GROUP ON THE ACCESSION OF SWITZERLAND

1. The Declaration of 22 November 1958 on the Provisional Accession of the Swiss Confederation came into force on 1 January 1960 and at present applies between Switzerland and twenty-nine contracting parties. Paragraph 1(c) of the Declaration provides, in relation to the reservation of Switzerland registered in paragraph 1(b) of the Declaration regarding the obligations of Article XI, that the Swiss Government should enter into consultations with the CONTRACTING PARTIES "with a view to finding solutions compatible with the basic principles of the General Agreement to the problem" dealt with in that reservation.
2. On the basis of the first annual report (L/1185) submitted by the Government of Switzerland under the provisions of paragraph 1(b) of the Declaration, the consultations provided for in paragraph 1(c) of the Declaration were initiated at the seventeenth session and the Swiss delegation made a further statement describing the Swiss import policy with respect to agricultural products (L/1384). In order to enable a more detailed discussion, the consultations were then referred to the Council which, at its meeting held in February-March 1961, continued the consultations and, in the light of discussions in informal meetings between Switzerland and interested contracting parties, agreed to entrust the consultations to a Special Group, drawn mainly from the more important agricultural exporters to the Swiss market, i.e. Australia, Canada, Denmark, France, the Netherlands, New Zealand, the United States and Uruguay (see C/M/4). In April, the Special Group made a detailed examination of the Swiss import system. In May the Council was informed of the proceedings of the Special Group and agreed that the Group should continue its work with a view to submitting a report to the nineteenth session (see C/M/6). For this purpose, the Group met again several times in September and November.
3. In the Swiss statements referred to above and in the course of these various meetings, the Swiss delegation explained the objectives of Switzerland's agricultural policies and stated the views of the Swiss Government as to why it considered the CONTRACTING PARTIES should accept the accession of Switzerland under the provisions of Article XXXIII of the Agreement. In the Swiss view, Switzerland was a very substantial importer of agricultural products, having one of the highest per capita rates of food imports and, as the population was increasing, exporting countries could count on stability and increased exports to the Swiss market.

The country had no intention of achieving self-sufficiency or indeed of expanding agricultural production generally. The Government was unable to accept the obligations of Article XI because it was required by law to pursue jointly and concurrently the following objectives, namely (a) the sustenance of agriculture on social, political and economic grounds; (b) the maintenance of a level of farm income comparable to that prevailing in other sectors of the economy; (c) the safeguarding of existing export possibilities; and (d) within the limits of these objectives, the maintenance of a high level of imports and of liberal import policies.

4. In presenting its request for accession under Article XXXIII, the Swiss Government was fully aware that some additional undertaking and procedures would be necessary in order to safeguard the interests of other contracting parties which might in certain circumstances be affected by these restrictions on agricultural imports. To this end, the Swiss Government was disposed to give an undertaking that, with due regard to the objectives mentioned above, the present overall level of agricultural imports would be maintained and that it would continue to pursue "liberal import policies expected to afford foreign suppliers the maximum possible access to the Swiss market and the fullest possible share in any expansion of the Swiss market arising from increased demand". The Swiss Government was ready further to undertake to explore the possibilities of bringing into conformity with the General Agreement measures that now deviated from it. Any restrictions would be administered on a non-discriminatory basis consistently with the provisions of Article XIII. The Swiss Government would be prepared to keep the CONTRACTING PARTIES fully and promptly informed of any significant changes in its agricultural policy or agricultural import policy, to report to and consult with the CONTRACTING PARTIES each year, and to consult at any time under the procedures of Article XXII. Furthermore, in view of the difficulties of certain contracting parties in agreeing to Swiss accession on these terms on a definitive basis, the Swiss Government would be prepared to accept that the accession should, for the time being, be limited to a period of three years or until a general solution was found within GATT for the agricultural problem. The undertakings referred to above, in the view of the Swiss authorities, should be of substantive value in guaranteeing satisfactory access to the Swiss market and in enabling the expansion of agricultural exports to the Swiss market. They should be of real benefit to the exporting countries.

5. During the consultations a considerable amount of time was taken up in establishing the actual restrictions in force in Switzerland, their severity, and other information necessary for judging their effects on imports of agricultural products into Switzerland. The Group also paid particular attention to the nature of the Swiss price support system principally with a view to ascertaining whether, and to what extent, it would be reasonable to ask Switzerland to accept some limitation on the amount of protection afforded by the Swiss import regime. The Group was cognizant of the high per capita food imports of Switzerland but noted that a significant proportion of these were accounted for by foodstuffs not produced in Switzerland or of products on which there were physical limitations to production in Switzerland. Consequently, the Swiss import regime affected contracting parties in different ways.

6. The Group were very appreciative of the efforts made by the Swiss Government to move as far as possible in the direction of accepting full GATT obligations and of the declared intent of applying a liberal import policy so that countries would share in the growth of the Swiss market. The majority of the Group, however, felt that these understandings would have to be translated into more precise commitments to permit of the accession of Switzerland to the General Agreement under Article XXXIII. It was pointed out that under the proposals put forward by Switzerland that country would be free at any time to alter the import treatment for a given product and that Switzerland had insisted on retaining this right. Moreover, there was no guarantee that whilst the total level of imports in value terms might remain unaffected the treatment of a particular product could theoretically result in its virtual exclusion from the market.

7. It was also pointed out in the Group that if the arrangement was agreed to, Switzerland would secure precise contractual rights in the markets of other countries but that no such specific rights would exist in respect of agricultural imports into Switzerland. This situation is in conflict with one of the basic premises of the GATT, namely, a balancing of rights and obligations between contracting parties.

8. It was realized that important matters of principle, as well as direct trade interests, were involved in the Swiss application. Some members of the Group were of the opinion that even if Switzerland had been able to be more forthcoming on commitments for future import treatment of agricultural products, it would be unwise at this point of time to authorize in advance significant departures from the rules of the General Agreement.

9. Despite an exhausting exchange of ideas on the exploration of various alternatives, most members of the Special Group, in the light of the consideration mentioned above, found it difficult to support a recommendation to the CONTRACTING PARTIES for the acceptance of Swiss Accession on the terms proposed by Switzerland.

10. While unable to recommend full accession for Switzerland, the Special Group was emphatic that at least the present level of association between Switzerland and contracting parties should be maintained. This, short of full accession, would enable the maximum possible exchange of benefits in international trade under the GATT. Consequently, the Group, with the concurrence of the Swiss delegation, suggests to the signatories to the Declaration of 22 November 1958 that, pursuant to the last clause of paragraph 8 thereof, they agree to an extension of the validity of the Declaration for a period of three years. For this purpose a draft Procès-Verbal is attached. If this is acceptable to the signatories, the Special Group recommends that the CONTRACTING PARTIES simultaneously revalidate the arrangements made under the Resolution of 22 November 1958 for the participation of Switzerland in the work of the CONTRACTING PARTIES.

Proposed Procès-Verbal Extending the Declaration of 22 November 1958
on the Provisional Accession of the Swiss Confederation to
the General Agreement on Tariffs and Trade

The parties to the Declaration on the Provisional Accession of the Swiss Confederation to the General Agreement on Tariffs and Trade, of 22 November 1958 (hereinafter referred to as "the General Agreement" and "Swiss Declaration of 22 November 1958", respectively),

DESIRING to extend the Declaration pursuant to paragraph 8 thereof,

ACTING pursuant to paragraph 8 thereof,

AGREE:

1. The maximum period of validity of the Swiss Declaration of 22 November 1958 is extended for three years by changing the date in paragraph 8 from "31 December 1961" to "31 December 1964".

2. The following consequential amendments are also made to the Swiss Declaration of 22 November 1958:

(a) The first paragraph of the Preamble is amended by deleting the words "contracting parties to the General Agreement on Tariffs and Trade" and by inserting in place thereof "Governments, other than the Government of the Swiss Confederation".

(b) Paragraph 7 is amended to read as follows:

"7. This Declaration shall remain open for acceptance, by signature or otherwise, by contracting parties to the General Agreement and by other governments which have acceded provisionally to that Agreement, such contracting parties or other governments having entered into negotiations with the Government of the Swiss Confederation pursuant to Article XXVIII bis of the General Agreement or, not having conducted such negotiations, have agreed with that Government that their trade relations should be governed by the terms of this Declaration, and by the Government of the Swiss Confederation. Moreover, new schedules containing new concessions or modifications of existing schedules resulting from compliance with provisions of this Declaration or of the General Agreement, may be annexed to this Declaration."

(c) Paragraph 8 is amended by deleting "and any contracting party on the thirtieth day following the day upon which it shall have been accepted, by signature or otherwise, on behalf of the Swiss Confederation and of that contracting party;" and by inserting in place thereof "and any contracting party, or other government which shall have acceded provisionally, on the thirtieth day following the day upon which it shall have been accepted on behalf of the Swiss Confederation and that contracting party or other government;".

3. This Procès-Verbal shall be deposited with the Executive Secretary of the CONTRACTING PARTIES to the General Agreement. It shall remain open for acceptance, by signature or otherwise, by the Swiss Confederation, by contracting parties to the General Agreement and by other governments which have accepted the Swiss Declaration of 22 November 1958.

4. This Procès-Verbal shall enter into force upon its acceptance by all the parties to the Swiss Declaration of 22 November 1958; Provided that, if it shall not have been accepted by all such parties by 31 December 1961, (a) it shall enter into force in respect of those parties thereto which shall have accepted it as soon as it shall have been accepted by the Swiss Confederation and by any other such party, and (b) it shall enter into force for any such party subsequently accepting it upon such acceptance or upon the entry into force of the Swiss Declaration of 22 November 1958 in respect of such party, whichever is the later.

5. The Executive Secretary shall promptly furnish a certified copy of this Procès-Verbal and a notification of each acceptance thereof to the Government of the Swiss Confederation, to each contracting party to the General Agreement, to each government which enters into negotiations for accession to that Agreement, and to each government which has acceded provisionally thereto.

Done at Geneva this _____ day of December one thousand nine hundred and sixty-one, in a single copy in the English and French languages, both texts being authentic.

/Signatures/

ANNEX II

Proposed Decision

Extension of the Time-Limit for the Participation of
Switzerland in the Work of the Contracting Parties

CONSIDERING that the parties to the Declaration on the Provisional Accession of the Swiss Confederation to the General Agreement on Tariffs and Trade, of 22 November 1958, are taking steps, pursuant to paragraph 8 of that Declaration, to extend the maximum period of validity of the said Declaration; and

CONSIDERING FURTHER that the CONTRACTING PARTIES and the Government of the Swiss Confederation desire to extend the maximum period of validity of the Resolution of 22 November 1958 for the Participation of Switzerland in the work of the CONTRACTING PARTIES;

The CONTRACTING PARTIES, pursuant to the last clause of that Resolution,

DECIDE to extend the maximum period of validity of the Resolution of 22 November 1958 until the Government of the Swiss Confederation accedes to the General Agreement under the provisions of Article XXXIII of the General Agreement, or until 31 December 1964, whichever date is earlier.

