

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Twentieth Session

REPORT OF THE WORKING PARTY ON GERMAN IMPORT RESTRICTIONS

1. In accordance with its terms of reference, the Working Party has carried out the consultation with the Federal Republic of Germany under paragraph 3 of the Decision of 30 May 1959¹, concerning its import restrictions. The Working Party had before it the fourth annual report under the Waiver Decision (L/1870) and a document (MGT(62)21) submitted by the German authorities, containing (a) a list of products freed from quantitative restrictions; (b) a list of items still subject to restrictions; and (c) statistical data on imports of products covered by the waiver. The present report summarizes the principal points of discussion. Appended to this report is a list of products, submitted by the German delegation, which at the expiry of the waiver will continue to be subject to quantitative import restrictions.

Sections a to c of Annex A (Liberalization list)

2. The Working Party noted that, with the exception of one item - ex 0302 herrings and herring fillets, salted or in brine - quantitative import restrictions had been removed, in some instances ahead of schedule, from all products included in Sections a, b and c of Annex A. With regard to the one item remaining subject to restrictions, the Working Party took note of the statement by the representative of the Federal Republic of Germany that import liberalization had been postponed after consultation with the substantially interested supplying countries, in view of special difficulties facing the herring trade.

Section d of Annex A (Goods to be liberalized after consultation)

3. The Working Party noted that since 30 May 1959 quantitative import restrictions on products listed in Section d to Annex A, had been considerably relaxed and the number of items affected reduced. Nevertheless, the number of products still subject to restrictions continued to be substantial, covering about one half of all the items originally included under this section of the waiver. While provision had been made for increased import facilities in 1961, no progress had been made during the past year in deleting products from the restricted

¹BISD, Eighth Supplement, page 31 et seq.

list. The Working Party noted that for a number of items, liberalization dates had been set for 1 January 1963 and for a further larger number of items, still subject to restrictions, for 1 January 1965. For other items no liberalization date had, however, so far been fixed.

4. Members of the Working Party, while welcoming the progress which had been made, expressed regret and disappointment that for a large number of items in this section, no liberalization date had been set and that with respect to many other products, import liberalization would be delayed until 1 January 1965. A matter of particular concern was the fact that the restrictions were of a discriminatory nature, and that the countries primarily affected by these restrictions were less-developed countries. They urged that restrictions and discrimination be promptly eliminated and that all possibilities be explored by the competent German authorities to advance import liberalization of goods scheduled to be liberalized by 1 January 1965.

5. Commenting on the statements and observations of members of the Working Party, the representative of the Federal Republic of Germany explained that for part of the goods in this section still subject to restrictions, a liberalization schedule had been announced and that increased import facilities for others would be granted in accordance with his Government's policy to increase access to the German market to as large an extent as circumstances made possible. As regards the majority of textile items still subject to restrictions, increased import facilities would be provided in accordance with the recently concluded Long-Term Cotton Textile Arrangement. He pointed out that, apart from the textile items covered by the Cotton Textile Arrangement, there remained only some items in the textiles group and a few ceramic and pottery items, for which it had not been possible to announce a liberalization date, and he assured the Working Party that his Government would do all in its power to increase access to the German market for goods still subject to restrictions and to strive for the definite termination of remaining restrictions. Restrictions had only been maintained on those items where the industries concerned were faced with particular difficulties.

6. Referring to the contribution which increased import facilities and the elimination of restrictions in the German market could make to the export earning capacity of less-developed countries and the great difficulties encountered by less-developed countries in achieving the necessary expansion of their foreign exchange earnings, members of the Working Party urged the authorities of the Federal Republic of Germany to relax and eliminate the remaining restrictions at an early date, taking into account that any restrictions on products covered by this section under the waiver, would, after the close of the session be applied in contravention of Germany's obligations under the General Agreement. As regards imports of cotton textiles, the fact that increased import facilities were to be made available under the Cotton Textile Arrangement should not be regarded as justification for delaying action to remove restrictions on such imports in accordance with Germany's obligations under the General Agreement.

7. Referring to other items which continued to be subject to restrictions, one member of the Working Party expressed concern over what appeared to be a tendency to justify the restrictions on imports of woven carpets of coconut fibres for the same reasons given for restricting imports of many categories of textiles. While his Government did not share the belief that a special import régime for textiles was justified or required, it had to be pointed out that the item in question did not fall in the textiles category. Exports of this product were, however, of considerable interest to a number of less-developed countries. It was a matter of disappointment and concern, therefore, that after the passing of three and a half years since the waiver had been granted, the German authorities still felt unable to indicate a termination date for the removal of these restrictions. Similarly it was a matter of disappointment that non-industrial sewing machines, one of the simpler engineering products which less-developed countries like India were now in a position to export, would need to be restricted until 1 January 1965. In his reply, the representative of the Federal Republic of Germany assured the Working Party that although no liberalization date had been set for imports of woven carpets of coconut fibre, in view of the considerable difficulties confronting this industry and while it had not been possible to advance the liberalization date for imports from certain sources of non-industrial sewing machines, his Government would continue its policy of providing increasingly larger access to the German market. While welcoming the renewed assurances by the representative of the Federal Republic of Germany that access to the German market would be increased notwithstanding the continued maintenance of restrictions, members of the Working Party pointed out that increased quota facilities could not be regarded as a substitute for liberalization.

Annex B - (Negative list of agricultural products not subject to the Marketing Laws)

8. The Working Party noted that except for two items - ex 1102, hulling mill products, and ex 1108, grain starch except rice starch - which had been made subject to import regulation under the Common Agricultural Policy of the EEC, no products covered by Annex B had been freed from quantitative restrictions during the last year. Earlier during the waiver period, certain preserved fruit, food preparations containing cocoa, and chopped and powdered potatoes had, however, been freed from quantitative restrictions and import facilities for a number of products had been increased.

9. Recalling the undertaking by the Federal Republic of Germany under the waiver to keep restrictions on products listed in Annex B under constant review and to use its best endeavours to remove such restrictions at the earliest possible date, members of the Working Party expressed disappointment with the very limited progress made by the Federal Republic of Germany in removing restrictions on products included in Annex B to the waiver, for the fact remained that the vast bulk of the items in this Annex had not been removed from restrictions. They noted with particular regret that, despite repeated representations by affected contracting parties, three items imported from countries outside the former OEEC area continued to be subject to discrimination.

10. Members of the Working Party stated they realized that a number of the items included in Annex B would, in future, be covered by the Common Agricultural Policy of the EEC. The pending transfer of these products to another import régime should, however, not delay action by the authorities of the Federal Republic of Germany to eliminate restrictions on products included in Annex B. They urged that these restrictions should soon be eliminated and that, pending their removal, restrictions should not be applied in a discriminatory fashion.

11. In his reply, the representative of the Federal Republic of Germany stressed that although it had not been possible to eliminate restrictions in respect of most of the items covered by Annex B, his Government had endeavoured throughout the waiver period to afford increasing access to the German market for practically all types of agricultural imports. The Federal German Government had repeatedly held consultations with contracting parties interested in the sale of such products and had taken the fullest possible account of any representations made to them concerning access to the German market. As a rule, import facilities in the German market had been expanded as a result of these consultations and the level of overall imports of agricultural products, restricted products as well as liberalized products, had shown a marked increase, as was borne out by the import statistics made available to the Working Party.

12. The representative of the Federal Republic of Germany explained that except for three items, some types of cheese, casein and lucerne (dried and ground), no distinction was made in the treatment of imports from OECD and other countries. This discrimination would be eliminated with the coming into operation of the Common Agricultural Policy for the items concerned. In the meantime, the Federal Republic would continue its efforts to assure all suppliers a fair share in the market.

13. Members of the Working Party expressed appreciation of the statement by the representative of the Federal Republic of Germany. They pointed out, however, that following the expiration of the waiver, products listed in the Annex to this report would continue to be subject to restrictions applied without legal cover and contrary to the provisions of the General Agreement. Indeed, it was their earnest hope that, pending their elimination, quantitative import restrictions would be administered in a manner which would assure foreign suppliers a fair share in the market without the need of prior consultation.

14. In the further discussion of import control measures applied on products covered by Annex B of the waiver, members of the Working Party stressed the importance attached by their respective governments of unimpeded access to the German market for apples and pears and certain non-liberalized canned fruits, which were important commodities in their country's export trade. One member of the Working Party pointed out that unless rapid progress were to be made in the elimination of restrictions on these items, the value of the tariff concessions granted to his country by the EEC in the recent tariff negotiations would be seriously impaired, with the result that there appeared to be no alternative to taking action under Article XXIII of the General Agreement. The

same member of the Working Party invited the attention of the CONTRACTING PARTIES to the small share of apple and pear imports permitted from his country. The representative of the Federal Republic of Germany explained that the German Government would continue its endeavours to afford, under the present regulations, the largest possible access for foreign suppliers to the German market.

15. In reply to a question concerning the import licensing requirement for certain products recently transferred to import regulation under the Common Agricultural Policy, the representative of the Federal Republic of Germany explained that the licensing requirement was mandatory under the relevant rules drawn up by the EEC governing these imports. Licences were, however, granted automatically and without restrictions.

Annex C (Certain semi-processed and processed goods)

16. The Working Party noted that import quotas for the products covered by Annex C had been increased in accordance with the time-table set out in this Annex which provided for specified minimum annual increases over a five-year period ending 30 May 1964 or 30 June 1964 respectively. The Working Party welcomed the assurance by the representative of the Federal Republic of Germany that quotas would be progressively increased in accordance with the terms and conditions set out in the Annex.

17. While appreciating the progress which had been achieved in enlarging quotas, members of the Working Party expressed disappointment that the Federal Republic of Germany had not found it possible to increase quotas at a faster rate than the minimum rate envisaged in the time-table set out in Annex C. They pointed out that exports of woven fabrics of jute, jute bags for packaging and neat leather were of particular export interest to a number of less-developed countries. They urged that the Federal Republic of Germany should actively explore the possibilities for advancing the date of effective import liberalization for items covered by Annex C.

18. The representative of the Federal Republic of Germany explained that the industries concerned continued to be faced with considerable difficulties and that it had, therefore, not been possible to provide for an acceleration of the liberalization programme. While some of the difficulties facing these industries were of a long-term nature and might thus not be fully overcome in the period provided for in the waiver for adaptation and adjustment to unrestricted foreign competition, his Government was determined to abide by its obligations under the Decision and to remove remaining import restrictions not later than 30 May 1964 or 30 June 1964 respectively. One member of the Working Party stated that in his view any difficulties being experienced by the German industry because of imports of neat leather were not pertinent to this situation since the import restrictions on neat leather continued to be administered in a discriminatory manner. They urged the German authorities to review their present import policy with a view to the early elimination of this discrimination.

Annex D (Marketing Law products de facto liberalized)

19. The Working Party noted that apart from one item - ex 0515 20, dried shrimps - imports covered by Annex D, had been effected under unlimited global tender arrangements without restrictions as to quantity or source of supply, as required under the waiver. As regards imports of dried shrimps, the Working Party took note of the statement by the representative of the Federal Republic of Germany that a quota agreement had been concluded with the country principally interested in supplying this item to the Federal Republic of Germany.

Annex E (Marketing Law negative list)

20. The Working Party noted that during the past year, quantitative restrictions on a number of important agricultural commodities had been eliminated in connexion with the coming into force of the Common Agricultural Policy of the EEC. In reply to questions concerning the future import treatment of items still subject to quantitative restrictions imposed under the German Marketing Laws, the representative of the Federal Republic of Germany explained that with the coming into force of the Common Agricultural Policy for other categories of products, the list of agricultural products now appearing on the German Marketing Law negative list would be further shortened.

21. Members of the Working Party recalled that, although the Federal Republic of Germany had not given a commitment in negotiating the waiver to remove restrictions on Marketing Law products covered by Annex E, the Federal Republic had, nevertheless, undertaken to keep the restrictions on these products under constant review with the objective of liberalizing as many as possible of the products on a de facto basis, i.e. by placing them under the same unlimited global tender arrangement as products covered by Annex D. Although import facilities for some categories of products covered by Annex E to the waiver had been increased, no action involving the elimination of quantitative restrictions on these products had been taken, apart from the recent transfer of a number of products in Annex E to import regulation under the Common Agricultural Policy of the EEC. This lack of progress was a matter of disappointment.

22. The representative of the Federal Republic of Germany explained that although it had not been possible to eliminate quantitative restrictions on Marketing Law products included in Annex E, until the recent transfer of some items to import regulation under the Common Agricultural Policy, his Government had, nevertheless, endeavoured to provide throughout the waiver period, increasing access to the German market for the goods affected by the restrictions. As pointed out in the report submitted by the German Government in connexion with this consultation imports of Marketing Law products subject to quantitative restrictions had shown a remarkable increase of almost 75 per cent over the period 1958 to 1961. In 1961, total imports of Marketing Law products subject to quantitative restrictions had amounted to DM 968.7 million. Similarly, a remarkable increase in imports by more than 50 per cent had been

registered for agricultural products subject to quantitative restrictions but not covered by the Marketing Laws. His Government would continue its endeavours to follow policies which would result in increased access to the German market.

23. Members of the Working Party welcomed the statement by the representative of the Federal Republic of Germany. They noted, however, that the rate of increase in agricultural imports had only been small in 1961 as compared with 1960. Without wishing to enter into discussion on the Common Agricultural Policy which was under consideration in another body of the GATT, members of the Working Party pointed out that there was no assurance that the removal of quantitative restrictions on agricultural products, accompanied as it was by the regulation of imports under a system of levies, would provide the opportunities for increased access to the German market which they had justifiably expected to be achieved when negotiating the waiver.

General

24. The Working Party noted with satisfaction that over the life of the waiver the number of items subject to quantitative restrictions had been considerably reduced and that, with only minor exceptions, import liberalization of the items on which a commitment had been undertaken under the waiver had been carried out in accordance with the waiver, sometimes ahead of schedule. The members of the Working Party noted with regret, however, that a significant number of items, both industrial and agricultural products, would remain subject to restrictions at the expiry of the waiver. While a liberalization date had been fixed for some of the industrial items no such intention regarding the termination of restrictions had been indicated for other items which were of particular importance to less-developed countries. They expressed disappointment that in respect of a large number of products for which a liberalization date had been announced, import liberalization would not be effected before 1 January 1965. A matter of particular concern was the fact that there continued to be a significant element of discrimination in the system of import controls operated by the Federal Republic of Germany.

25. The Working Party took note of the fact that in respect of a number of items still subject to restrictions, these restrictions would be removed when the Common Agricultural Policy of the EEC for these items came into operation. In respect of several additional commodities important in international trade the representative of the Federal Republic indicated that a common agricultural policy was likely to be adopted by the EEC. The Working Party did not, however, consider that the prospect of a common agricultural policy for these items provided any justification for the retention of restrictions after the expiry of the Waiver. Some members of the Working Party stated that whilst the Federal Republic of Germany had been able to eliminate some quantitative restrictions through the coming into force of the Common Agricultural Policy they wished to recall in this context that the question of the compatibility of the Common Agricultural Policy had not yet been resolved. The Working Party was, of course, aware that this was not a question with which it was concerned.

26. Members of the Working Party welcomed the renewed assurance by the representative of the Federal Republic of Germany that for the goods covered by Annex C quotas would be progressively enlarged and liberalization be achieved in accordance with the terms and conditions set out in that Decision. They urged, however, that the Federal German Government should actively explore the possibilities for advancing the date of effective import liberalization for the items concerned, in view of their importance to the export trade of less-developed countries.

27. Members of the Working Party, while welcoming the readiness of the German authorities expressed during the consultation, to discuss and consult with interested contracting parties concerning possibilities for increased access to the German market of products still subject to restrictions, stressed that, following the expiration of the waiver, it should be expected that the Federal Republic would take further liberalization measures on its own initiative to bring its residual import restrictions into conformity with the General Agreement and not necessarily wait until interested contracting parties requested bilateral consultations. The representative of the Federal Republic assured the Working Party that as regards imports for which quantitative restrictions still existed his Government would as in the past, give sympathetic consideration to any representations by interested contracting parties and, where necessary, would consult with them regarding possibilities for increased access to the German market. Residual import restrictions, in effect after the expiry of the waiver, would be notified to the CONTRACTING PARTIES in accordance with the notification procedure established for such restrictions.

28. Referring to the obligations of the Federal Republic of Germany under the General Agreement and to the importance of increased access to the German market to contracting parties affected by the restrictions, many of which were less-developed countries, members of the Working Party urged that the German authorities should remove the remaining restrictions and, pending their elimination, should ensure that remaining import controls were applied in a non-discriminatory manner.

29. The representative of the Federal Republic of Germany assured the members of the Working Party that the points and suggestions made during the consultation would be given careful consideration by the German authorities. His Government regretted that it was not in a position at present to indicate the final removal in respect of all the products still subject to restrictions. While his Government felt that a good measure of success had been achieved in relaxing and eliminating restrictions in accordance with its obligations under the Waiver, the Government would continue its efforts to increase the access of restricted items to the German market.

ANNEX

List of Products Remaining Subject to Restrictions

ANNEX

List of Products Mentioned in the Annexes to the
Decision of 30 May 1959 which are still
Subject to Import Restrictions

1. Annex A, Sections (a), (b) and (c)

0302 ex Herrings and herring fillets, salted or in brine

2. Annex A, Section (d)

Products which will be liberalized on 1 January 1963¹

5104 ex Tyre cord fabrics of artificial or synthetic filaments
5804 ex Epingle or frisé of cotton
6004 ex Knitted underwear of cotton
6101 ex Outer garments of cotton terry towelling for men and boys
6102 ex Outer garments of cotton terry towelling and other outer garments
of artificial filaments for women, girls and infants
6105 ex Handkerchiefs of tulles, lace and of silk
6106 ex Shawls, scarves etc. of silk
9005 ex Binoculars with prisms

Products which will be liberalized on 1 January 1965¹

5104 ex Woven fabrics of synthetic or artificial textile filaments,
dyed or yarn dyed, up to 55 cm. breadth
5311 ex Tight woven fabrics of wool or fine animal hair for furnishings
and interior decorating
5507 Cotton gauze
5509 ex Woven fabrics of cotton, for padding
5607 ex Woven fabrics of synthetic or artificial textile fibres, for
padding
6004 ex Knitted underwear of synthetic textile materials
6005 ex Knitted bathing suits of synthetic textile materials
6909 ex Laboratory ceramic wares
6912 ex Tableware and toilet articles of pottery
6913 ex Statuettes, fancy goods, furnishing articles of pottery
6914 ex Patent stoppers for bottles and parts thereof
8441 ex Sewing machines (not industrial) and parts thereof
8526 ex Insulating fittings of ceramic materials
9703 ex Toys of base metal
9810 ex Simple mechanical lighters neither gilded nor silvered and
parts thereof

¹Quantitative restrictions for imports from contracting parties outside the former OEEC area.

Products for which no date for liberalization has been fixed (current licensing system)¹

5104 ex	Woven fabrics of synthetic or artificial textile filaments, except crêpe fabrics
5307 ex	Yarns of combed sheep wool, except hard yarns, not put up for retail sale
5310 ex	Wool yarns, put up for retail sale
5311 ex	Woven fabrics of wool or fine animal hair
5509 ex	Other woven fabrics of cotton
5607 ex	Fabrics of synthetic or artificial textile fibres, except fabrics for padding and felt cloth
5802 ex	Woven carpets of coconut fibres
5804 ex	Velvet and plush of cotton, gauze from the weft
5905 ex	Fishing nets of synthetic textile materials
6005 ex	Knitted outer garments of wool or synthetic textile materials
6101 ex	Outer garments of cotton for men and boys
6102 ex	Other outer garments for women, girls and infants
6103 ex	Underwear of cotton for men and boys
6104 ex	Underwear of cotton for women, girls and infants
6105 ex	Handkerchiefs of cotton
6202 ex	Household linen of tulle, lace etc. and of cotton
6911 ex	Tableware and household articles of porcelain
6912 ex	Tableware and household articles of other ceramic materials
6913 ex	Statuettes, fancy articles etc. of porcelain and other ceramic materials
8525 ex	Insulators of ceramic materials

3. Annex B

Products which are not liberalized

0301 ex	Carps, fresh or chilled
0402	Milk and cream, preserved, condensed or sweetened
0404 ex ¹	Hard cheese, semi-hard cheese except blue-mould cheese processed cheese and cheese preparations
0602 ex	Apple trees on root stocks and seedlings; azaleas, in flower or in bud
0603 ex	Fresh flowers and flower buds, cut
0701 ex	Potatoes for human consumption and for industrial purposes other than for the production of starch, flour, meal and flakes; tomatoes, cauliflowers, lettuce, endives, beans and cucumbers, fresh or chilled
0806 ex	Fresh apples and pears for dessert
1105 ex	Flour and meal of potatoes

¹Quantitative restrictions for imports from contracting parties outside the former OEEC area.

1210 ex ¹	Lucerne, dried and ground
1702 ex	Artificial honey
1705 ex	Vanillin sugar
1806 ex)	
2107 ex)	Ice-cream and ice-cream powder
1902	Preparations of flour, starch or malt extract, used as infant food or for diatetic or culinary purposes without cocoa or with cocoa of less than 50 per cent
1903	Macaroni, spaghetti and similar products
2001 ex	Vegetable preparations with vinegar, in airtight containers, except olives
2002 ex	Vegetable preparations without vinegar, in containers of less than 5 kgs., except tomatoes, mushrooms, olives, capers, artichokes, asparagus without tips, and frozen spinach
2004 ex	Fruit and plants preserved by sugar, except fruit peels
2005 ex	Jams and marmalades containing sugar or syrup, except quince jelly and marmalade prepared from bitter oranges; apple sauce
2006 ex	Preserved fruit in containers of less than 5 kgs., except pineapples, citrus fruits, peaches, fruit cocktails, and fruit salads
2007 ex	Juice of apples and pears, without sugar
2210	Vinegar, for human consumption
2307 ex	Preparations for animal feeding, containing predominantly inorganic substances
3501 ex ¹	Casein, not hardened, for the production of human and animal food

4. Annex C

Products to be liberalized in accordance with the provisions of Annex C¹

5710	Woven fabrics of jute
6203 ex	Bags of jute for packaging
7019 ex	Imitation pearls
4102 ex	Neat leather

5. Annex D

Products which are not de facto liberalized

0515 ex	Shrimps, dried
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¹Quantitative restrictions for imports from contracting parties outside the former OEEC area.

6. Annex E

Products which are not de facto liberalized

- 0102 ex Bovine cattle for slaughter
- 0104 ex Sheep for slaughter
- 0201 ex) Meat and edible offals of pig (including pig fat), bovine cattle
- 0205 ex) and sheep, except half of pigs
- 0206 ex)
- 0401 Fresh milk and cream
- 0403 Butter
- 1204 ex Sugar beets, including snips, other than fresh
- 1501 ex Pigs grease, for food
- 1507 ex Fatty vegetable oils, processed, for food, except olive oil
in containers other than casks, tank wagons and tank ships
- 1512 ex Animal and vegetable fats and oils, hardened, for food
- 1513 Margarine and other prepared edible fats
- 1601 ex) Preparations of meat, offals or animal blood of bovine cattle,
- 1602 ex) pig and sheep
- 1701 Beet and cane sugar, solid
- 1702 ex Beet root and cane juice; beet and cane syrup
- 1703 Molasses, whether or not decolourized
- 1705 ex) Sugar and syrup, flavoured or coloured, containing more than
70° of pure sugar
- 2303 ex Extracted beet root chips and other residues from sugar
production
- 2307 ex Prepared animal food, mainly containing organic substances,
except solubles and preparations containing products subject
to EEC Regulation 19

