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GENERAL AGREEMENT ON TARIFFS AND TRADE

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EEC REFUNDS ON EXPORTS OF MALTED BARLEY

The following communication, dated 6 September 1976, has been received from the Permanent Delegation of Chile in connexion with the request that this matter be placed on the agenda of the next meeting of the GATT Council.

1. Under Regulations Nos. 1602/76 and 1603/76, both dated 1 July 1976, the Commission of the European Communities established the amounts of the refunds on exports of cereals, and more specifically on exports of malted barley by the member States until June 1977.
2. This decision by the Communities implies the maintenance for a second consecutive year of refund amounts which, in the view of my delegation, are unduly large and are displacing Chilean exporters from traditional markets.
3. Indeed, Chile is a long-established producer of malted barley which for more than forty years exported a substantial part of its production to various Latin American markets, in particular those of Brazil, Venezuela, Peru and Bolivia. On the basis of this trade and through large-scale investments, my country's agriculture successfully developed a production capacity of the order of 80,000 metric tons annually, of which 30,000 to meet domestic supply needs, and 50,000 were intended for sale in the markets mentioned above.
4. This situation changed abruptly in the second half of 1975, when our exporters found that their long-standing clients had received from exporters in the Communities offers that were so advantageous as to make any competition virtually impossible. The cost of a metric ton of barley is US\$160 and that of its industrial processing is US\$130. According to our estimates, these figures are approximately the same in the Communities and in Chile. Notwithstanding the foregoing, Community exporters were offering malted barley at US\$165 per ton c.& f. Valparaiso.
5. Furthermore, we have information indicating that competent authorities of the Communities have been able to determine that the combined export capacity for malted barley of the nine member countries does not exceed 800,000 tons annually, and despite this export certificates for 1,800,000 tons were issued in 1975.

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6. This situation was brought before the authorities of the Communities in February of this year at Brussels by the delegations of Chile, Argentina and Uruguay, since these latter countries were also being affected thereby. The authorities of the Communities rejected our assertions, but stated nevertheless that some changes in the system were proposed in order to avoid any market distortion.

7. In addition, in the course of the most recent regular meetings held in Brussels between the member countries of the Special Committee on Latin American Co-ordination (SCLAC) and the Communities, the Latin American delegations stated, in general terms, that various export products of their countries were encountering difficulties in traditional markets because of the application of certain Community mechanisms that operate as export subsidies. In the view of our countries, the foregoing is in contradiction with the declared objectives of Community policy in regard to co-operation with the developing countries.

8. The regulations mentioned in the first paragraph of this note have reduced the amount of the refunds on Community exports of malted barley. But this reduction is so small that in practice the situation described is virtually unchanged. For this reason my delegation wishes to bring the problem before the Council, under the provisions of Article XVI of the General Agreement.