

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5563

17 October 1983

Limited Distribution

---

## COMMITTEE ON TRADE IN AGRICULTURE

### Progress Report

According to the Ministerial Declaration of November 1982, the Committee on Trade in Agriculture shall report periodically to the Council and the CONTRACTING PARTIES on the results achieved, and in conformity with this, the Committee at its October 1983 session authorized the Chairman to make on his own responsibility the following progress report for submission to the Council and the CONTRACTING PARTIES.

---

1. The Committee has held three meetings, in March, June and October 1983. At its first meeting in March 1983, the Committee adopted its Programme of Work, which has been circulated in document AG/1 (see Annex I). At a second meeting in June 1983, the Committee elected as its Chairman Mr. Aert de Zeeuw (Netherlands), confirmed its work programme and discussed problems related to the establishment of documentation and the organization of work at its third meeting.
2. The Committee entered into work on substantial matters at its third meeting, held from 4 to 13 October 1983. It carried out the examination of trade measures affecting market access and supplies, including those maintained under exceptions or derogations (Exercise A) for the following 23 countries and the European Communities, for which adequate information had been submitted as agreed when adopting the Programme of Work: Argentina, Australia, Austria, Bangladesh, Canada, Chile, Colombia, Finland, Hungary, Japan, Kenya, New Zealand, Nigeria, Norway, Pakistan, Peru, Philippines, South Africa, Spain, Sweden, Switzerland, United States, and Yugoslavia.
3. The discussion brought out some major deficiencies in the information submitted. It would therefore be desirable for the secretariat to act to improve that information, in particular by including in the tables all relevant information to be found scattered in various GATT papers. That however would be a long-term routine exercise which would not require establishing a special time-table. It is noted that the up-dating and completion of the agricultural documentation, the AG/DOC/-series, will be continued according to already established procedures (AG/1, paragraph 2).
4. The cross-examination of trading policies very clearly demonstrated a well-known phenomenon, namely that the contracting parties have all had recourse to a more or less broad range of restrictive practices, affecting both imports and exports. The perception which governments have of such restrictive measures is, broadly speaking, that their

rights under the GATT permit them to take such measures. Provision of Article XI, XVI, XVII, XX and XXIV, "grandfather" clauses, legislation predating accession to the General Agreement or waivers have been frequently invoked to justify their action. It seems fairly clear that in many cases views differed as to the perception of the use of such rights under the GATT, either because of a different interpretation of GATT provisions or because it was felt that the use being made of certain of those provisions might substantially disrupt the balance of rights and obligations deriving from the General Agreement. In its preparation for the March meeting the secretariat should keep this aspect of the discussions in mind.

5. The Committee decided to examine trade measures of other countries, for which the necessary information had not yet been available, at a meeting to be held from 28 November to 2 December 1983, and to conclude Exercise A at that meeting, if possible. The Chairman urged the delegations of those countries to take the necessary steps as a matter of emergency to have the required documentation submitted as soon as possible and not later than 7 November 1983.

6. Furthermore, the Committee has also started its examination of the operation of the General Agreement as regards subsidies, especially export subsidies, including other forms of export assistance (Exercise B), mainly on the basis of a note by the secretariat (AG/W/4).

7. The discussion revealed that the frequent and extended application of subsidies had caused problems to the trade in agricultural products, but the Committee recognized that it was difficult to assess the impact this has had on the trade.

8. A general opinion was prevailing in the Committee that any subsidy, including any form of income or price support, which operate directly or indirectly to increase exports or to reduce imports should be more extensively notified; that these notifications should be subject to regular review and that it might be necessary to reshape the questionnaire adopted by the CONTRACTING PARTIES in 1960. It was recognized, however, that some difference of view was still persisting with respect to product coverage and the measures to be included in such notifications. Views were also divergent with respect to the interpretation and application of other provisions of the General Agreement regarding subsidies, notably those contained in Article XVI, and the Committee decided to pursue further its discussion on such matters, inter alia, the obligation to discuss the possibility of limiting subsidization, and the notions "more than equitable share", "special factors" and "primary products".

9. The work on Exercise B may possibly be pursued further at the meeting in November, but will definitely be continued at the meeting scheduled for March 1984. The Committee intends in any case to complete both the examination of trade measures affecting market access and supplies, including those maintained under exceptions or derogations (Exercise A) and the examination of the operation of the General Agreement as regards subsidies, especially export subsidies, including other forms of export assistance (Exercise B) at its meeting in March 1984. It will also in March give preliminary consideration to

conclusions to be drawn from the examinations. The Committee intends to elaborate its conclusions and recommendations, at meetings in May and June 1984 and subsequently adopt its final report to be submitted to the Council and the CONTRACTING PARTIES for consideration at their 1984 Session.

10. The Programme of Work and the Membership of the Committee are annexed to this progress report.

ANNEX I

PROGRAMME OF WORK<sup>1/</sup>

Following the discussion in the Committee on 2 and 3 March 1983, the programme of work of the Committee, based on and to be carried out according to the relevant provisions of the Ministerial Declaration as regards trade in agricultural products (L/5424, SR.38/9 and Corr.1, and C/M/165), has been established as follows:

1. The work of the Committee will be organized in two parts:

Exercise A - Examination referred to under paragraph 1(i) and (iii) on page 9 of L/5424; and

Exercise B - Examination referred to under paragraph 1(ii) on page 9 of L/5424.

Documentation in general

2. The up-dating and completion of the Agricultural Documentation, the AG/DOC/- series, will be continued according to already established procedures. All contracting parties are urged to take the necessary steps to have this documentation completed by 15 June 1983, at the latest. Also, countries not applying measures of a type included in the specific AG/DOC/- series could make a notification to that effect, as has previously been done with respect to the MTN/3E/DOC/- series and various L/- series regarding subsidies and state trading. Annex I contains a list of relevant information contained in notifications that have been circulated in the inventory of non-tariff measures affecting agricultural products (AG/DOC/series) as well as under other notification obligations (notably L/- series).

3. With respect to the question of reverse notifications it is agreed that the procedure already in operation for up-dating and completing the AG/DOC/- series will continue to be used. Under that procedure delegations may continue to submit at any time reverse notifications of measures they think should be included in that series, including notification of interest in particular measures applied to specific products by other countries or groups of countries.

---

<sup>1/</sup>Originally circulated in document AG/1.

4. Concerning the question of product coverage, it was noted that agricultural products have in the past been deemed to be the products falling within Chapters 1 to 24 inclusive of the CCCN, while individual contracting parties have been free to indicate differences between this definition and their own. This has proved to be a practical solution in the past, and could be applied also for the present exercise.

Documentation for Exercise A: Examination of trade measures affecting market access and supplies, including those maintained under exceptions or derogations

5. According to the Ministerial Declaration (L/5424) the matters shall "be examined in light of the objectives, principles and relevant provisions of the General Agreement and also taking into account the effects of national agricultural policies". For this examination the measures applied will be classified or grouped according to relevant GATT articles, provisions and instruments. It is emphasised, however, that any such classification of various measures affecting agricultural trade is done merely for the purpose of organizing the work of the Committee, and will be without any prejudice with respect to legal aspects of the measures notified and later examined.

6. The information on particular products, sectors and measures will, as far as possible, be presented according to the format shown in Annex II<sup>1/</sup>. This information should be submitted by 15 June 1983.

7. Participants are asked to classify the information contained in their submissions according to the following six classifications.

- a) Measures taken by virtue of provisions with special reference to agriculture in the General Agreement (e.g. Articles XI:2, XVI:3, XX:(b) and (h)).
- b) Measures taken by virtue of waivers granted under Article XXV:5, or of provisions of protocols of provisional application or accession (e.g. grandfather clauses).
- c) Measures resulting from the lack of observance or application of certain provisions of the General Agreement (e.g. limited use of Article II, residual restrictions).
- d) Measures resulting from particular interpretations of certain provisions of the General Agreement (e.g. Articles III or XXIV).
- e) Measures not explicitly provided for in the General Agreement (e.g. variable levies, voluntary restraint agreements, long-term arrangements).
- f) All other measures (indicate GATT relevance, to the extent possible).

---

<sup>1/</sup> Not reproduced

In case where a participant is unable to indicate the GATT relevance more explicitly, he may make use of only some of the classifications listed above, and may classify measures under (f), which may or may not belong under another point. Together with their submissions, participants may, if they so desire, include other information they judge appropriate.

Documentation for Exercise B: Examination of the operation of the General Agreement as regards subsidies, especially export subsidies, and including other forms of export assistance

8. The Committee has at its disposal recent notifications made pursuant to Article XVI:1 under the notification procedures adopted in 1962 (BISD 11S/58), i.e. addenda to documents L/5102, L/5282 and L/5449 and AG/DOC/5. The information should be completed by 15 June 1983. The notifications should include information on subsidies and other forms of assistance, including any form of income or price support which operates directly or indirectly to increase exports or reduce imports, in particular export subsidies and other forms of export assistance.<sup>1</sup>

9. With respect to the examination of the operation of Article XVI:1 second sentence and of Article XVI:3, and of any other related provisions, the secretariat will provide a draft analytical index, covering references to the drafting history of Article XVI, and relevant past cases of panels and working parties. Furthermore, participants wishing to do so, may submit written contributions by 15 June 1983, to be circulated to the members of the Committee well in advance of the examination, allowing necessary time for translation, processing and circulation, as well as examination of these contributions in various capitals, and subsequent preparations for the discussion in the Committee, and thus facilitate the examination of these points.

Organization of the examinations

Exercise A: Examination of trade measures affecting market access and supplies, including those maintained under exceptions or derogations

10. The Committee agrees to start the examination of trade measures affecting market access and supplies in October 1983. The exercise will be made country by country, in alphabetical or any other order, and may take the form of a question and reply procedure allowing a recording of particular views expressed by participants. The possibility of

---

<sup>1</sup>The following were mentioned as examples of export assistance: credit sales, tied aid, barter, draw-back, buy-back, dual-pricing, inward processing arrangements, sales against local currencies, etc.

proceeding to an examination of particular measures will not be excluded. In assessing the position of each country in relation to the provisions of the General Agreement, it could be expected that views might differ and it seems appropriate that the views of various contracting parties should be properly recorded. This exercise could be taken as far as possible during the October meeting and continued in March 1984.

Exercise B: Examination of the operation of the General Agreement as regards subsidies, especially export subsidies, and including other forms of export assistance

11. This examination will also commence in October 1983. An examination of the operation of Article XVI:1, first sentence, will raise the question whether the notification procedures adopted in 1962 (BISD 11S/58) are sufficient and to what extent they are complied with, as regards trade in agricultural products, account being taken of the particular notifications made of export assistance contained in AG/DOC/5. The examinations of the operation of Article XVI:1, second sentence, and of Article XVI:3 will be based on the secretariat note and contributions of participants. It is understood that the operation of provisions other than those mentioned above may be taken up for consideration if members so wish.

Further meetings

3-14 October 1983. Second meeting of the Committee, at which it will proceed to a detailed examination of the information submitted. Members should be prepared to provide complementary information and explanations as required. Discussion and subsequent adoption of a progress report on the work of the Committee to the Council and the CONTRACTING PARTIES (session 1983).

5-16 March 1984. Third meeting of the Committee, at which it will complete its examination and give preliminary consideration to conclusions to be drawn.

7-10 May 1984. Fourth meeting of the Committee to consider conclusions and draft recommendations.

25-29 June 1984. Fifth meeting of the Committee to finalize recommendations and adopt a final report to the Council and the CONTRACTING PARTIES (Session 1984).

If necessary, the Committee may in addition hold a short meeting at the end of June 1983 to consider technical matters, such as problems related to the establishment and distribution of documentation. If the experience in October 1983 indicates that a ten days' meeting in March 1984 may not provide sufficient time, another meeting could be held some time between October 1983 and March 1984. It is understood that all dates are tentative and subject to confirmation.

ANNEX II

MEMBERSHIP OF THE COMMITTEE

(as at 14 October 1983)

Chairman: Mr. Aert de Zeeuw (Netherlands)

Argentina	Iceland	Poland
Australia	India	Portugal
Austria	Indonesia	Romania
Bangladesh	Israel	South Africa
Brazil	Ivory Coast	Spain
Cameroon	Jamaica	Sri Lanka
Canada	Japan	Sweden
Chile	Kenya	Switzerland
Colombia	Korea, Republic of	Thailand
Cuba	Malaysia	Trinidad and Tobago
Czechoslovakia	New Zealand	Tunisia
Egypt	Nicaragua	Turkey
European Communities and member States	Nigeria	United States
Finland	Norway	Uruguay
Gabon	Pakistan	Yugoslavia
Hungary	Peru	
	Philippines	