

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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UNITED STATES AGRICULTURAL ADJUSTMENT ACT

Twenty-Seventh Annual Report by the United States Government under the Decision of 5 March 1955

Addendum

The following communication has been received from the United States in response to the request made at the meeting held by the Working Party on United States Import Restrictions on Agricultural Products on 29 April 1985.

1. Several countries have asked the United States to prepare a report on why it could not employ measures consistent with the GATT as a feasible alternative to those measures that are covered by the waiver. The United States believes that a discussion of GATT-consistent alternatives to present import restrictions could be very useful in the context of a comprehensive review of all countries' agricultural import policies. The United States would willingly participate in a comprehensive review in which other countries were similarly reporting on feasible alternatives to the import-restrictive measures which they use.

2. In circumstances of widespread import restrictions on the part of many countries, however, it would not be productive to review what changes in the United States import system might be feasible in the absence of corresponding changes in the import systems of other countries.

3. Restraints to international trade in dairy products are illustrative of the complex, interrelated nature of the problem. Brazil, Israel, Korea, Norway, the Philippines, Portugal, Spain and Canada have discretionary licensing on dairy product imports. Egypt, Peru, Poland and Nigeria have licensing restrictions. The EC, Japan, Canada and Switzerland have quotas. In addition, Yugoslavia, Sweden, Finland, Hungary, the EC, Brazil and Switzerland subsidize their dairy product exports. In light of these trade barriers and government financed competition, if the United States were to open its market it would be flooded with dairy product imports by countries who have to sell and whose other markets would remain closed. This is ample evidence that the problem is a global one and needs a global solution.

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4. The proper forum for such a discussion is the Committee on Trade in Agriculture. It is charged explicitly with elaborating the conditions under which substantially all measures affecting trade in agriculture would be brought under more operationally effective GATT rules and disciplines, including restrictions maintained under waivers and other derogations or exceptions. The Committee has collected documentation which identifies the waivers, derogations and exceptions that apply to a number of contracting parties. Further, the United States has made specific proposals in this regard in that Committee. The United States is prepared to undertake in the Committee on Trade in Agriculture a mutual examination of any useful approach to the elimination of agricultural trade barriers.

5. The United States regards the present Working Party as being too limited a forum for a satisfactory discussion of how governments relate their international trade policies with respect to agricultural commodities to their domestic measures for supporting the income of agricultural producers.

6. Failing a comprehensive discussion in the Committee on Trade in Agriculture, the United States would not be willing to set a precedent by enlarging upon the reporting requirements set out in paragraph 6 of the conditions and procedures to the waiver. Those requirements call upon the United States to describe any modification in existing restrictions, to explain why existing restrictions continue to be applied, and describe what steps it has taken to solve the problem of agricultural surpluses. The United States has done this, and it does not propose to undertake additional obligations that other governments which employ similar trade policy measures do not propose to undertake; rather, as we said above, the proper forum for such a discussion is the Committee on Trade and Agriculture.