

GENERAL AGREEMENT ON TARIFFS AND TRADE

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THE SHIPPING ASPECTS OF A FOOD AID PROGRAMME UNDER AN INTERNATIONAL GRAINS ARRANGEMENT

Declaration by the Delegation of Norway

In previous discussions, suggestions have been made to the effect that shipping services could be accepted as a contribution to the Food Aid Programme. There is also a possibility that donating countries may want to assume responsibility for delivery of grain to the receiving country. These questions touch upon important aspects of international shipping policy.

In the view of the Norwegian Government contributions of shipping services will for practical purposes be the same as the application of shipping clauses reserving the cargo for ships of the contributing country. The part of the ocean transportation requirements of the programme which is covered by shipping services contributed in kind would consequently no longer be open to competition on the international freight market. In as much as contributions of shipping services in kind involve elements of flag discrimination, this is by the Norwegian Government considered to be contrary to the Organisation for Economic Co-operation and Development shipping policy. Participating countries to a multilateral cereals arrangement should base their shipping policy on the principle of free circulation of shipping in international trade in free and fair competition and avoid any arrangements which directly or indirectly involve preferential treatment of national flag ships.

Consequently, Norway together with other Western European countries, have vigorously opposed the application of shipping clauses to contributions under multilateral aid programmes. The Western European countries initiated a change in the shipping provisions of the World Food Programme when introduced in 1962, which brought about the present flexible arrangement involving a centralized direction of shipments, based on contributions in convertible currency from member countries. The only country that could not subscribe to this solution, was the United States. The shipping arrangement of the World Food Programme has clearly demonstrated its advantages.

The question of whether or to which extent the shipping arrangements of the World Food Programme could be directly applied in possible aid schemes under an International Grains Arrangement should be studied. In our view the World Food Programme is an important precedent, firstly because of its general recognition

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that shipping services in kind are not a suitable form of contribution, and secondly because it would be clear that deliveries can most effectively and cheaply be carried out if chartering of shipping space is made in the free international freight market on the basis of purely commercial considerations.

Shipments under Article 14 of the draft agreement circulated by the GATT secretariat would be severely hampered if they could only be carried in vessels of those countries having unused contributions of shipping services. Furthermore, there is the important question of freight rates. Nations should not be able to subsidize their national shipping by allowing high freight rates, and crediting the extra expenses to their account with the Arrangement.