

GENERAL AGREEMENT ON TARIFFS AND TRADE

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WORKING PARTY ON PARAGRAPH 4 OF THE PROTOCOL FOR THE ACCESSION OF SWITZERLAND

Written Questions to the Swiss Representative

In accordance with the agreement reached at the meeting of the Working Party on 15 April 1988 (that any further written questions should be submitted to the secretariat for transmission to the representative of Switzerland before 16 May 1988) the attached questions have been received from the Permanent Missions of Argentina, New Zealand and Australia.

A. Questions from the Argentine delegation to Switzerland:

- I. Why are "contractual quotas" maintained, with only a very small part of imports of red wine in cask globalized?
- II. What do "contractual quotas" mean in practice? The allocation of a fixed annual amount to each country? Or to the importing company? If so, on what basis are such amounts granted or distributed?
- III. The Swiss delegation stated that "imports of red wine in bottles are not subject to any quantitative restrictions: beyond a certain quantity a supplementary customs duty has to be paid over and above the normal customs duty" (L/6101 - page 30).
 - In that case, what is the quantity on which the ncrmal duty has to be paid?
 - We should also like to know the amount of the duty considered "normal" and the amount of the "supplementary" duty applied to these imports.

B. Questions submitted by New Zealand to the delegation of Switzerland

1. At the second meeting of the Working Party, on 16 March, New Zealand requested details of the operation and allocation of quotas for a sample product (beef) over a representative period (1986). The information provided by Switzerland in response to this question gave quarterly totals of beef quotas allocated in 1985 and 1986, for one sub-category of beef (sirloin) only. In the view of New Zealand this is an inadequate response to the question posed, since it particularly appears that sirloin is one of a small number of cuts of meat for which quotas are established quarterly. Switzerland is therefore requested once again to provide the following information:

- (a) details of both totals and volume for individual import quotas for all beef, allocated on a fortnightly basis, during calendar year 1986 or 1987;
- (b) information on the basis on which fortnightly allocations were made (i.e. what criteria must be met by traders involved?);
- (c) information on importers/traders to whom quotas were allocated (i.e. what segment of the industry/trade receives quotas, and is this on a historical basis?);
- (d) details of usage of quotas allocated;
- (e) details of market price movements during the representative period, in relation to the upper/lower bands of the target price bracket set, according to which import allocations are determined;
- (f) details of the required utilization of surplus slaughter animals by importers; what price band needs to be triggered (presumably lower)? If it has been triggered, for what periods of time has the requirement operated, and what volume of meat in proportion to imports has been frozen and stored?
- (g) Switzerland's reply to IMC questionnaires G and H (IMC/INV/7/Rev.3) refers to an exchange system of exports in return for imports of certain cuts of meat under quota. Could the delegation please provide information on whether this exchange system continues to operate and, if so, what quantities and cuts of meat are involved?

2. In the first two meetings of the Working Party, there appeared to be an element of contradiction in replies given by Switzerland, to questions concerning the operation of its "prise en charge" system and associated supplementary import charges, with respect to whether or not these measures were covered by the Protocol (Spec(88)11/Rev.1, paragraphs 32 and 33 refer).

- (a) Does Switzerland consider these measures to fall within the purview of GATT Article XI? If not, on what basis are they deemed to be "covered" by Switzerland's Protocol of Accession?
- (b) To what products within Chapters 1-24 are the "prise en charge" and any similar compulsory domestic purchasing programmes applicable? Discussion in the Working Party has to date focussed on eggs and milk powder, but New Zealand understands that other products, including sheepmeat, are involved.
- (c) How does the import régime for sheepmeat operate: on what basis are import licences granted? What is the proportion of domestically produced sheepmeat which must be purchased in relation to imports of sheepmeat, and how has this percentage changed over recent years? How are the domestic purchasing requirements for individual butchers determined?

3. In Switzerland's twenty-first annual report (L/6229), notification was given of "the globalization of all the separate adjustments of the contractual quotas for red wine in casks". In a subsequent meeting of the Working Party, however, it was explained that not all bilateral quotas had been globalized: contractual bilateral quotas still covered 1,177,000 hectolitres and the global quota was for 231,000 hectolitres (plus around 200,000 hectolitres as domestic production warranted).

- (a) New Zealand notes that Switzerland's previous report (L/6101) gives a figure of 1,177,000 hectolitres covered by bilateral contractual quotas. Could Switzerland explain the reference to globalization contained in document L/6229, since there appears to have been no change in the measures?
- (b) Why was the decision taken to globalize only a small proportion of the total import quotas for red wine in casks? Does Switzerland have plans to globalize more of the 1,177,000 hectolitres covered by contractual, bilateral quotas?
- (c) Given that the bulk of Switzerland's imports of red and white wine in casks continues to be covered by discriminatory bilateral quotas, what are the individual quotas, how have they changed over the years (in terms of size and/or allocation), and what are the historical reasons for their application?
- (d) New Zealand notes that import restrictions on white wine in bottles were originally introduced by Switzerland as a safeguard measure under Article XIX (L/6101, section 8), and further notes that imports of these wines have been declining in recent years. In those circumstances, can Switzerland explain how it is "observing to the fullest possible extent the appropriate provisions of the General Agreement", and in "such a manner as to cause minimum harm to the interests of contracting parties"?

4. New Zealand has on earlier occasions indicated that it is concerned by aspects of the operation of the three-phase system affecting imports into Switzerland of various fruit and vegetables, since the indeterminate periods for phases two and three make market development planning difficult. An eight-day advance warning of the impending change in phase is unlikely to be sufficient for distant countries such as New Zealand. Given the requirement, in paragraph 4 of Switzerland's Protocol of Accession, that measures adopted should cause minimum harm to the interests of contracting parties, why is the three-phase system necessary, in view of the protection already provided by Swiss phytosanitary regulations and the tariff?

C. Questions by Australia to Switzerland

1. Paragraph 4 of the Swiss Protocol of Accession contains a partial reservation to the provisions of Article XI to the extent necessary to permit it to apply import restrictions pursuant to specified legislation and constitutional provisions in effect at the time the Protocol was agreed to by contracting parties.

In light of the above, could Switzerland advise the specific details of all changes to these legislation and constitutional provisions since 1 April 1966 and, in particular, their implications for Swiss imports?

Could Switzerland also detail when such changes were notified to contracting parties?

2. Could Switzerland supply a list of all products by tariff line whose imports are conducted under the reservation in paragraph 4 of the Swiss Protocol of Accession. Does Switzerland consider that it is entitled to extend its reservation to other products? Please also provide a list of commodities categorized in terms of import restriction measures used under the reservation.

3. Could Switzerland provide further clarification and detail of its "prise en charge" system and, in particular, its consistency with Article III? Does Switzerland consider that this system falls under its reservation? To which products does the "prise en charge" system apply?

4. Could Switzerland detail the procedures, for each product covered by its reservation, for determining how the total quantities permitted entry into Switzerland are derived? How does Switzerland ensure that there is minimum harm to the interests of other contracting parties?

5. Please provide details of all import restrictions that are not global in their application and the commodities to which they apply. Are there quantities specifically allocated for any individual contracting party or group of contracting parties? If so, please provide details and clarify the basis for such specific allocations, in particular how the arrangements are consistent with Article XIII.

6. Please provide clarification and details of the contractual and bilateral quotas for red wine in cask referred to in the Working Party (Spec(88)11/Rev.1, paragraph 31(d)). How are these quotas allocated?
7. Does Switzerland have self-sufficiency targets for products covered by its reservation? If so, are these targets adjusted regularly? How are the interests of all other contracting parties taken into account in developing any self-sufficiency targets?
8. Does Switzerland use quotas, import licensing, or other means to ensure diversification of sources of supply (among various exporting countries) for any agricultural commodities or products?
9. In the Working Party, Switzerland noted that there were no quantitative restrictions on eggs. Could Switzerland clarify whether eggs (some detail on which is provided in Switzerland's annual reports) are covered by the reservation in paragraph 4 of the Swiss Protocol? Are there any products referred to in L/6101 and L/6229 which Switzerland considers are not covered by its reservation?
10. Could Switzerland provide details on the following:
 - (i) Are import licences granted on a non-discriminatory, first-come, first-served basis? If not, what are the criteria for being granted an import licence?
 - (ii) Can a branch office of a foreign firm receive an import licence?
11. Please provide detailed information for a representative recent year, e.g. 1986, to enable the Working Party to see how import licences/quotas were set for the products covered by the reservation, i.e. when, how, to whom and in what quantities, how tenders operated, and what imports took place. To facilitate the task, perhaps initially information could be provided in greater detail for beef and veal and wine.
12. By way of illustration, could Switzerland set out in detail for beef and wine, the sources of public information available to a potential exporter to the Swiss market and the steps that would have to be gone through to conclude a transaction?
13. What time periods are involved in:
 - announcement of quotas
 - application for licences
 - duration of licences?
14. What is the level of duty levied on domestic distilled spirits? How does it compare to the monopoly charge on imported spirits? If these differ, how is this justified under Article VIII?