

**AIRGRAM****TÉLÉGRAMME PAR AVION**

GATT/AIR/101

28 DECEMBER 1956

SUBJECT: RENEGOTIATION OF A CANADIAN ITEM; MEETING OF THE INTERSESSIONAL COMMITTEE CONVENED ON 15 JANUARY 1957

1. I HAVE BEEN ASKED BY THE GOVERNMENT OF CANADA TO CONVENE A MEETING OF THE INTERSESSIONAL COMMITTEE TO CONSIDER THE REQUEST FOR AUTHORITY, UNDER PARAGRAPH 2(a) OF THE DECLARATION ON THE CONTINUED APPLICATION OF SCHEDULES OF 10 MARCH 1955, TO ENTER INTO NEGOTIATIONS UNDER PARAGRAPH 4 OF ARTICLE XXVIII (REVISED).

2. THE CANADIAN GOVERNMENT REQUESTED THE CONVENING OF THE INTERSESSIONAL COMMITTEE AT THE EARLIEST PRACTICABLE DATE. THE INTERSESSIONAL PROCEDURES PROVIDE IN PARAGRAPH 11 THAT "NOTICE OF THE CONVENING OF MEETINGS SHALL BE GIVEN TO CONTRACTING PARTIES AT LEAST 10 DAYS IN ADVANCE OF THE MEETING." DUE TO THE FACT THAT THE APPLICATION IS MADE DURING THE END YEAR HOLIDAY SEASON I CONSIDER IT DESIRABLE TO PROVIDE A SOMEWHAT LONGER PERIOD OF NOTICE THAN THE MINIMUM PRESCRIBED BY THE RULES OF PROCEDURE. I HAVE THEREFORE DECIDED TO CONVENE THE COMMITTEE TO MEET ON 15 JANUARY 1957, AT 10.30 A.M. IN THE PALAIS DES NATIONS, GENEVA.

3. MEMBERS OF THE COMMITTEE ARE REQUESTED TO INFORM ME OF THE NAMES OF THEIR REPRESENTATIVES AND OTHER CONTRACTING PARTIES SHOULD NOTIFY THE NAMES OF ANY OBSERVERS THEY PROPOSE TO SEND TO THE MEETING.

4. THE ITEM IN QUESTION - ITEM 83(a) IN PART I OF SCHEDULE V TO THE GATT - READS AS FOLLOWS:

83 - POTATOES, AS HEREUNDER DEFINED:-

(a) IN THEIR NATURAL STATE:-

AUGUST 1 TO JUNE 14, INCLUSIVE .....	FREE
JUNE 15 TO JULY 31, INCLUSIVE .....	
PER ONE HUNDRED POUNDS .....	37½ cts.

5. IN SUPPORT OF THE APPLICATION THE CANADIAN GOVERNMENT HAS SUBMITTED THE FOLLOWING STATEMENT:-

"THE GOVERNMENT OF CANADA DIRECTS THE ATTENTION OF THE CONTRACTING PARTIES TO THE FOLLOWING SPECIAL CIRCUMSTANCES:

(a) FOR MANY YEARS THE RATE OF DUTY APPLICABLE TO USA POTATOES IMPORTED UNDER THE ABOVE ITEM WAS THE SAME AS THE USA DUTY ON CANADIAN POTATOES. IMMEDIATELY PRIOR TO 1939 THE RATE WAS 75 CENTS PER CWT. THROUGHOUT THE YEAR.

(b) TRADITIONALLY CANADA HAS BEEN A NET EXPORTER OF POTATOES TO THE UNITED STATES. IN THE PERIOD OF 1930-1951 NET EXPORTS TO THE UNITED STATES AVERAGED OVER TWO MILLION BUSHELS PER ANNUM.

SENT BY : Executive Secretary, GATT, Tel. address : ICITO GENEVA

ENVOYÉ PAR : Secrétaire Exécutif, GATT, Adresse télégraphique : ICITO GENÈVE

(c) DURING THIS PERIOD CANADA AND THE UNITED STATES NEGOTIATED CERTAIN TARIFF REDUCTIONS ON POTATOES WHICH ARE NOW BOUND BY THE SCHEDULES TO THE GATT. UNDER ITEM 83(a), AS QUOTED ABOVE, FREE ENTRY INTO CANADA IS BOUND EXCEPT DURING THE PERIOD JUNE 15 - JULY 31, WHEN THE RATE OF DUTY IS  $37\frac{1}{2}$  CENTS PER CWT. THE USA RATE IS  $37\frac{1}{2}$  CENTS PER CWT. WITHIN THE LIMITS OF THE TARIFF QUOTAS SPECIFIED IN SCHEDULE XX, AND 75 CENTS PER CWT. ON IMPORTS IN EXCESS OF THE TARIFF QUOTAS. THIS DIFFERENCE IN RATES WAS TOLERABLE TO CANADIAN PRODUCERS AS LONG AS THE UNITED STATES REMAINED A SUBSTANTIAL NET IMPORTER OF POTATOES.

(d) WARTIME AND POST-WAR DEVELOPMENTS HAVE CAUSED CHANGES IN THE TRADITIONAL POSITION OF CANADA AND HAVE ENABLED THE UNITED STATES TO INCREASE HER EXPORTS OF POTATOES TO CANADA SIMULTANEOUSLY WITH A REDUCTION IN PER CAPITA POTATO CONSUMPTION IN CANADA. THESE DEVELOPMENTS HAVE BEEN ASSOCIATED WITH CONTINUED REDUCTION IN POTATO ACREAGE AND PRODUCTION IN CANADA.

(e) IN RECENT YEARS CANADIAN CASH INCOME FROM POTATOES HAS DECLINED SUBSTANTIALLY. THE IMPACT OF THIS DECLINE HAS BEEN CONCENTRATED LARGELY ON AREAS WHERE THE POSSIBILITIES OF SHIFTING FROM POTATOES TO OTHER CROPS ARE TOO LIMITED TO OFFER AN ADEQUATE SOLUTION TO THE PROBLEM.

(f) EARLY IN 1955 THE CANADIAN GOVERNMENT REACHED THE CONCLUSION THAT SOME ACTION WAS NECESSARY TO RELIEVE THE EXCEPTIONAL PROBLEMS FACED BY CANADIAN POTATO PRODUCERS. CONSIDERATION WAS GIVEN AT THAT TIME TO RENEGOTIATING THE ITEM IMMEDIATELY BEFORE THE GENERAL RE-BINDING OF TARIFFS IN JUNE 1955. HOWEVER, IN THE HOPE OF REACHING SOME OTHER SOLUTION THIS ACTION WAS DELAYED. INSTEAD THE GOVERNMENT

(a) REFERRED THE WHOLE QUESTION TO THE TARIFF BOARD FOR A GENERAL SURVEY OF THE PROBLEM AND POSSIBLE REMEDIES, AND (b) REQUESTED THE USA TO REDUCE ITS TARIFF AGAINST CANADIAN POTATOES DURING THE 1956 ROUND OF GENERAL NEGOTIATIONS. HOWEVER, THE USA FOUND IT IMPOSSIBLE TO INCLUDE POTATOES AMONG THE ITEMS NEGOTIATED IN 1956.

(g) THE CANADIAN GOVERNMENT, ON THE BASIS OF ALL THE FACTS, INCLUDING THE REPORT OF THE TARIFF BOARD, HAS REACHED THE CONCLUSION THAT THE ONLY REMAINING SOLUTION OF THE PROBLEM WILL INVOLVE SOME UPWARD ADJUSTMENT IN THE CANADIAN TARIFF ON POTATOES. IT IS NOT THE INTENTION OF THE CANADIAN GOVERNMENT TO IMPOSE A DUTY IN EXCESS OF  $37\frac{1}{2}$  CENTS PER ONE HUNDRED POUNDS."

E. WYLDHAM WHITE