

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/4279

12 December 1975

Limited Distribution

CANADIAN IMPORT QUOTAS ON EGGS

Report of the Working Party

1. In a communication dated 9 September 1975 (L/4222) the Government of the United States requested that a GATT Council of Representatives meeting should be scheduled at the earliest possible date to discuss the establishment of a Working Party to make an advisory ruling on the consistency of Canada's import quotas on eggs with Article XI of the GATT. In a further communication dated 10 September 1975 (L/4223) the Government of the United States set out the points at issue and specified the following three questions on which they requested an advisory ruling:

- (a) Does the Canadian supply management system on eggs conform to the requirements of GATT Article XI?
- (b) Is the basis for determining the import quotas in accord with the requirements of the last paragraph of Article XI?
- (c) Irrespective of findings under (a) and (b) above, does the imposition of the Canadian quota under Article XI constitute nullification and impairment of a prior binding?

2. At the meeting of the Council on 25 September 1975, (C/M/108) a Working Party was set up with the following terms of reference:

"To examine the matters referred to the CONTRACTING PARTIES by the Government of the United States (L/4223) concerning the imposition of import quotas for eggs and egg products by the Government of Canada (L/4207) and report thereon to the Council."

3. The Working Party held extensive discussions on 9, 28 and 29 October and 8, 9 and 11 December under the chairmanship of Mr. M. Eggert (Finland) and decided to provide the following answers to the three questions posed by the United States in document L/4223.

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4. With regard to question (a) the members of the Working Party, except the United States, agreed with the Canadian view that the operation of the Canadian supply management programme for eggs, as described and explained to the Working Party, is in conformity with the requirements of Article XI:2(c)(i).

The United States, while agreeing that Canada has a supply management system for eggs, did not agree that the present system is able to effectively control domestic production, and therefore, this system would not be in conformity with Article XI:2(c)(i).

5. With regard to question (b) the Working Party was unable to decide which representative period is the correct one nor whether the one chosen by Canada was or was not in conformity with the requirements of the last paragraph of Article XI. The other members of the Working Party propose that the United States and Canada try to come to a pragmatic solution in bilateral discussions and that the countries be guided by the suggestion that annual fluctuations in trade in eggs are an important element, inter alia, to be taken into account in determining a proper balance. These members suggested that the period from 1 June 1967 to 31 May 1973 may provide one basis for agreement.

6. With regard to question (c) whether the imposition of the Canadian quota on eggs under Article XI constitutes nullification or impairment of a prior binding, the Working Party did not come to any conclusion in this particular case.