

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.10/25

24 November 1955

Special Distribution

Original: French

Working Party 4
Requests by Belgium and Luxemburg

STATEMENT BY THE DELEGATION OF LUXEMBURG
AT THE MEETING ON 22 NOVEMBER 1955

I do not feel the Working Party wish me to repeat the information set out in Documents L/358 and following, and the previous statements before the Inter-sessional Committee.

The Working Party is aware of the vital part played by agriculture in the economic, social and political structure of the country.

My delegation has explained that its production conditions should be described as marginal, and that Luxemburg agriculture on the whole cannot compete with foreign production. You will recall that the Luxemburg Government has to apply a support policy which consists in valorizing the chief agricultural products by reserving the domestic market for them and fixing remunerative prices. You all realize the extreme sensitiveness of a market of only 300,000 inhabitants.

Document L/358/Add.1 explained that the need for protecting Luxemburg's agriculture was not a novel feature, but that it had existed since Luxemburg was linked by an Economic Union to one of her neighbours, i.e. for over a century. As you will remember, the protective régime consists of the Luxemburg Government's right to regulate autonomously imports of a limited number of agricultural products from abroad, without discrimination, not excepting the B.L.E.U. partners and Benelux.

In Document L/358/Add.2, we quoted the texts of the Protocols setting up the régime within the scope of the BLEU, beginning 1935, and within the framework of the Benelux, since the establishment of the latter.

That same document, defined the scope of the waiver. For practically all the products covered by the waiver request, home production is adequate to provide the home market. It should merely be recalled that Luxemburg imports regularly, for a total consumption of 345,000 tons, 13,000 tons of products coming under our waiver request. These products are imported without discrimination. The origin of import is determined by the price level.

As a rule, the United States and Canada supply the supplementary quantity of high-quality wheat required (about 8,000 tons). The remainder of the products under quota by Luxemburg (4 to 5,000 tons) are supplied mainly by Benelux countries, because these countries benefit by exemption of customs duties and a favourable geographical position.

France, Italy and Denmark supply only specialized articles. The volume of these products is insignificant.

I think that after considering the lists contained in document L/358/Add.2, the members of the Working Party concluded that the interests of the contracting parties were in no wise injured, whereas the maintenance of protection was of vital importance for Luxemburg's agriculture and for the whole country.

The chief countries concerned, Belgium and the Netherlands, have recognized the need for the protection requested. In the case of the other contracting parties, it should be merely a matter of form for them to recognize that this protection is justified. The Luxemburg waiver will not alter trade in goods in the slightest degree.

My delegation feels that recognition of the special case of Luxemburg's agriculture by the CONTRACTING PARTIES will not set up a precedent. For some decades past, Luxemburg's agriculture has been a special case which has always been recognized by the partners directly concerned. The granting of a waiver by the CONTRACTING PARTIES would merely be recognition of this de facto situation.

I should like to add a few words on the procedure to be followed in considering our case.

You know, Mr. Chairman, that the Luxemburg request is based, and can be based only on Article XXV, since we are unable to fix a time-limit for its application.

At the intersessional meeting, to meet the wishes of certain members of the Working Party, we examined our request above all according to the rules prescribed in the Decision of 5 March. But I believe I am right in saying that all delegations agreed that that Decision could not meet our case.

May I recall here that in the Decision adopted by the Committee of Ministers of Benelux on 3 May 1955, which prescribes the complete liberalization of agricultural products within the Benelux within a period of seven years, provision is made once more for the particular position of Luxemburg, and it is stipulated that: "As long as harmonization of the agricultural policies of the three countries is unable to compensate for the natural and structural inferiority of Luxemburg's agriculture, the latter shall continue to enjoy a special régime".

As explained in document L/358/Add.4, relaxation of the present protective régime is certainly the objective of the Luxemburg Government, but it would be impossible to estimate what degree of elimination of restrictions could be reached. Total elimination of quantitative restrictions should not be considered practicable in actual conditions of production and market.

May I say a last word, Mr. Chairman, on the existing connexion between the Belgian waiver request and the Luxemburg waiver request, because I have a distinct impression that certain delegations experience some difficulties in separating the two requests, and placing each one in its proper setting. Actually, there is no connexion between the Luxemburg and the Belgian requests. The Luxemburg request is an independent one and is separate from the Belgian request. The system of protection which Luxemburg is asking the General Agreement to recognize has already existed within the BLEU. It is therefore older than Benelux and it was extended to the Netherlands when the Benelux Customs Union was established. It is therefore not as a result of Benelux or of Article XXIV of the General Agreement that Luxemburg was compelled to ask for a waiver. That protection was already necessary under the BLEU vis-à-vis Belgium, as it is necessary within the Benelux vis-à-vis the Netherlands, and vis-à-vis all countries, without distinction.

Aside from any Belgian request, a Luxemburg request for a waiver from Article XI would be necessary because, for the reasons already given on many occasions, Luxemburg cannot eliminate quantitative restrictions for certain groups of agricultural products.

Even if there were no BLEU or Benelux, the Luxemburg request would remain identically the same. It would always relate to the right to regulate autonomously imports of certain products from all countries.

When the Belgian waiver expires, there will remain the Luxemburg waiver. In that connexion, there is therefore no relation between the two.

The only factor to be noted is that the quantitative restrictions requested by Belgium will be valid for the period of the Belgian waiver and are the result of an external trade policy which is common to the two countries of the Economic Union.

When the restriction on a product not contained in the Belgian schedule (and which is therefore not on the Luxemburg waiver schedule) is eliminated by Belgium, it will be eliminated automatically for Luxemburg, that is to say, for the whole territory of the Economic Union.

To sum up, Luxemburg requests an unlimited waiver only for the products enumerated in the Luxemburg request.

These are the few remarks which I wished to make, Mr. Chairman.

My delegation has endeavoured to describe sincerely and objectively to the CONTRACTING PARTIES and the Working Party the actual position of our agriculture.

I hope that the Working Party will agree and will recognize that my country is unable to renounce the present protective régime within the framework of the General Agreement.