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ON TRADE AND EMPLOYMENT

COMMITTEE II

MEMORANDUM OF THE CHINESE DELEGATION ON THE  
QUESTION OF "TARIFF AND TARIFF PREFERENCES"

The Chinese Government has all along maintained a single-standard customs tariff universally applicable to our trade with all treaty nations. Its tariff schedule has been one of the lowest among existing tariff systems in the world. In spite of the fact that China is economically under-developed and has been war-torn for eight years, she is prepared to make some selective reductions in the import duties on certain capital goods and indispensable materials that would serve to expedite her progress in industrialization.

But on the other hand, an adequate measure of tariff protection must be given to various agricultural products and certain types of infant industry that are vital to her national economy. We, therefore, propose to provide for China, as well as for other under-developed countries, a "Transitional Period of Industrial Development" during which we may impose or maintain a reasonable measure of protective tariff, to be gradually reduced with the advancement of industrialisation. This "Transitional Period" should not be limited to any prefixed date but shall be determined in accordance with the following standards of industrial development respectively attained by various countries concerned:

- (a) when fifty per cent of their wage-earning population are employed in modern industrial enterprises of production and distribution; or
- (b) when fifty per cent of their national income is derived from modern enterprises of industry, trading and finance.

As regards the question of "Tariff Preferences", the Chinese Delegation holds the view that any system of preference constitutes a serious setback to the principle of the most-favoured-nation clause and tends greatly to limit its validity. We are aware of the fact this system has its historical origin and special reasons for its adoption, and that its immediate elimination would entail great difficulties on the part of the nations which have adopted it. Nevertheless, it cannot be denied that a special sphere is thereby created to the disadvantage of the nations which lie outside of this sphere. It is the traditional policy of China to accord unconditionally the most-favoured-nation treatment to its treaty nations. As it does not appear that all nations participating in this Committee would be ready to give up without compensation their preferences and as several delegations have also intimated their advocacy of regional preference, the Chinese Delegation, therefore, finds it imperatively necessary to declare that China, under these circumstances, reserves the right to adopt at any time similar measures until such time as when all nations stand ready to accept the most-favoured-nation clause without qualification.

(Signed) CHI-LING TUNG

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