

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## CONTRACTING PARTIES

### Notification under Article XVIII:11 by Torquay Acceding Governments

#### Note by the Executive Secretary

Paragraph 11 of Article XVIII provides that "any contracting party may maintain any non-discriminatory protective measure affecting imports in force on September 1, 1947 which has been imposed for the establishment, development or reconstruction of a particular industry or branch of agriculture and which is not otherwise permitted by this Agreement; Provided that notification has been given to the other contracting parties not later than October 10, 1947 of such measure and of each product on which it is to be maintained and of its nature and purpose". Paragraph 5 (c) of the Torquay Protocol of the Terms of Accession provides that "in the case of the references in paragraph 11 of Article XVIII of the General Agreement to September 1, 1947 and October 10, 1947, the applicable dates in respect of each acceding government shall be November 1, 1950 and January 15, 1951, respectively".

When the substance of the Torquay Protocol had been agreed upon and the text was being presented to the Tariff Negotiations Committee for formal approval, a note was sent, on November 28, 1950, by the Executive Secretary to the delegations of the acceding Governments in Torquay to bring these provisions to their attention and to invite notifications in accordance therewith.

No notification was received from the Government of Germany, Korea, Peru or Turkey. The delegations of Austria and the Philippines replied to the note by supplying information on certain restrictive measures in force in their countries but gave no indication as to whether they intended to avail themselves of the provisions of Article XVIII:11. The communications from the two delegations are annexed hereto.

With a view to obtain clarification, the Executive Secretary wrote to the two delegations on January 25 and 31 respectively to enquire whether these communications were intended to be regarded as notifications under Article XVIII:11. Contracting parties will be informed on this point as soon as replies have been received from the two Governments concerned.

ANNEX

(a) Letter from the Austrian Delegation dated 18 January 1951:

"With reference to your note of November 28th, 1950, and in pursuance of my note No. 322/Z of January 15th, 1951, I wish to make the following statement with reference to paragraph 11 of Article XVIII of the General Agreement on Tariffs and Trade, under instructions received from my Government:

'No protective measures are being applied in Austria for the promotion of particular industries or economic branches. The importation of all commodities, as far as they have not been declared to be "free goods", is solely subject to the provisions of the Federal Law on Foreign Trade of 1948 (Aussenhandelsverkehrsgesetz vom 24. November 1948, Bundesgesetzblatt Nr. 251/48); however, imports are also affected by the provisions of the Federal Law on Foreign Exchange Control of 1946 (Devisengesetz vom 25. Juli 1946, Bundesgesetzblatt 162/46.'

"I beg to transmit herewith one copy of each of the relevant editions of the "Bundesgesetzblatt" which contain the above mentioned laws."1)

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1) The two relevant issues of the "Bundesgesetzblatt", in German, are on file at the Secretariat for consultation.

(b) Letter from the Philippines Delegation dated 17 January 1951:

"Reference is made to your letter of November 28th, 1950, regarding the maintenance of protective measures affecting imports.

"As an acceding government, the Philippines has been maintaining a system of import controls since the early part of 1949. These controls are non-discriminatory in character. They apply to all imported products irrespective of their origin. They were instituted for the primary purpose of conserving foreign exchange by means of a system of import licensing designed to allow the importation only of goods considered essential to the economy and the gradual reduction of the importation of others considered luxuries or non-essential. A complementary aspect of this import control system, of course, is the protection and encouragement it lends to the production of goods locally producible at competitive costs and substitutable for those now or heretofore being imported. The purpose of the controls are doubly served therefore through budgeting and allocation of available foreign exchange resources for desirable importation only and the encouragement of local production calculated to further reduce the need for the expenditure of such resources.

"The Philippines has had to contend with balance of payments difficulties for the past few years, following the termination of the last war. Import controls have been found to be the best way - temporarily we hope - of correcting this pernicious disequilibrium.

"A copy of the present import control law of the Philippines (Republic Act No. 426) is herewith enclosed for such added information about the nature, particulars, purposes and extent of this import control system.<sup>1)</sup> Indications are that the Philippines will continue to maintain it even if she accedes to the General Agreement on Tariffs and Trade until at least she shall have substantially recovered from the deleterious effects of the last war and achieved a reasonable degree of stability in her financial position."

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1) This is on file at the Secretariat for consultation.