

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## REVIEW OF THE GENERAL AGREEMENT

### Special Problems of Dependent Overseas Territories

#### Proposal by the United Kingdom

In his opening statement, the President of the Board of Trade said that the United Kingdom would like the aid of the CONTRACTING PARTIES in finding a solution to the particular problems of the Colonial territories. These problems are partly provided for by the provisions of Article XVIII as it now stands, under which it is open to a metropolitan country to seek on behalf of a Colonial territory approval for special measures which that territory wishes to take for purposes of development. But this does not fully meet the difficulties. There may be cases where the industry to be developed in a Colonial territory depends not on the limited domestic market but on access to the market of the metropolitan country. The President therefore stated that the United Kingdom would wish to seek arrangements, within the framework of the GATT, to deal with these needs individually as they arise.

2. In putting forward this suggestion the United Kingdom has no intention of seeking any benefit for herself. We are concerned solely with fulfilling our special responsibility towards the Colonial territories. It is well recognized, both domestically and internationally, that metropolitan governments have a special responsibility for the development and welfare of their dependent territories. This responsibility is referred to in pledges given internationally by the metropolitan countries, for example in Chapter XI of the United Nations Charter. It is recognized in the Charter that this responsibility must be exercised with due regard to the interests and well-being of other countries. But, subject to that, the existence of the responsibility is a recognition that the metropolitan countries have a special part to play in assisting the Colonial territories to develop their resources and thus to play their full part in the progress of the world at large.

3. In the fulfilment of this special charge, it is the policy of metropolitan countries to afford the dependent territories assistance in the economic field of a kind which is not normally provided between one independent country and another. Thus Her Majesty's Government in the United Kingdom, in common with other metropolitan countries similarly placed, promotes the economic progress of the dependent territories for which they have responsibility by all appropriate means. The means chosen vary according to the differing needs of the territories concerned. They include direct financial support for development, the provision of technical assistance services, the fostering of new industries and the free

movement of capital between metropolitan and dependent territories. So far as concerns the United Kingdom, assistance is given without any thought of counter-concessions for the benefit of the United Kingdom.

4. The metropolitan countries are responsible for the international affairs of the dependent territories, including the negotiation of international trade agreements. It must be their concern that such agreements should inter alia take full account of the needs of the dependent territories. The present discussions therefore require us to examine whether the GATT may unintentionally hinder the economic development of the Colonial territories; and the United Kingdom Government have come to the conclusion that they must seek recognition in principle of their general right, within its provisions, to assist or protect Colonial exports to the United Kingdom market.

5. In the early stages of economic development in which the Colonial territories now find themselves, economic advancement depends very largely on finding assured markets overseas for exports of primary products. As economic progress continues, their economies will be diversified, their trade expanded and their domestic markets enlarged. But in the meantime, unless reasonably stable outlets can be assured in the United Kingdom for products which depend primarily on the United Kingdom market, economic development in some territories will be seriously hampered and unemployment and political unrest may follow.

6. In the light of these considerations, the United Kingdom delegation proposes to introduce into the appropriate article of the GATT the following clause:-

"A metropolitan country may take any action, or invoke any procedure under this Agreement, on behalf of the economic interests and development of a dependent territory for whose external relations it is responsible, and the provisions of the Agreement shall apply for this purpose as if the dependent territory were within the customs area of the metropolitan country; provided always that any measures taken by virtue of this paragraph shall operate substantially to the exclusive benefit of the dependent territories of the metropolitan country concerned."

7. We cannot at this stage define the exact circumstances under which use would be made of this facility if it were agreed to by the CONTRACTING PARTIES. The clause is an enabling one for metropolitan countries to apply as the needs or interests of the Colonial territories may develop and its use would be subject to the relevant procedures laid down in the Agreement for consultation with, or approval by, the CONTRACTING PARTIES.