

# ACCORD GENERAL SUR LES TARIFS DOUANIERS ET LE COMMERCE

RESTRICTED

IG/W/39

28 June 1955

Special Distribution

Intersessional Committee

Original: French

MAINTENANCE OF QUANTITATIVE IMPORT RESTRICTIONSRequest by the Government of Luxemburg

Statement by the representative of Luxemburg at the meeting of the Intersessional Committee on 24 June 1955:

"When listening earlier to comments by delegations on the Belgian request for a waiver, I noticed that certain delegations questioned the Belgian request mainly because it was based on Article XXV of the General Agreement, and not on the Decision of 5 March. I had the impression that these delegations were almost of the view that by so proceeding, the Belgian Delegation had no legal grounds for their request. I think I am, however, right in assuming that Article XXV is still an integral part of the General Agreement, and even of the revised General Agreement. As far as my delegation is concerned, at all events, it had clearly stated already at the Ninth Session, that the Decision of 5 March did not meet the special case of Luxemburg.

"This being said, may I now examine the case of Luxemburg agriculture.

"I do not intend to repeat here in detail the reasons why the Government of Luxemburg is constrained to maintain certain quantitative restrictions in the agricultural field. In document I/358/Add.1 my delegation explained the special position occupied by agriculture in the economic and social structure of the country. May I, however, recall once more that the economic structure of Luxemburg is essentially based on the activities of the steel industry which employs almost 40 per cent of the working population, and on agriculture which employs over 20 per cent.

"Since there is no sizable medium industry, the position occupied by agriculture in the national existence of the country is vital. For fundamental reasons of an economic, social and political order, the Grand Duchy of Luxemburg is faced by the imperative necessity of constantly maintaining its agriculture. This cannot be done without State support and without protective measures, since the agriculture of Luxemburg may be described, on the whole, as marginal. If it were left to itself, it would speedily be overcome by foreign competition which enjoys more favourable production conditions. The agricultural policy of the Government of Luxemburg is

therefore, and must continue to be, one of active support. This policy is designed, notably, to valorize the main agricultural products, by reserving the home market for home products and by fixing remunerative prices. Needless to say, a home market of scarcely 300,000 inhabitants is extremely sensitive. Taken as a whole, home production is sufficient to meet the requirements of the population. Free imports, even in small quantities, would bring about serious disruption, and would rule out the possibility of pursuing any agricultural policy.

"In its economic relations with the other countries, the Government of Luxemburg has always been faced with the need for maintaining the agriculture of the country, and for ensuring economically and socially sound working conditions for that agriculture.

"After the first World War, when an Economic Union was set up with Belgium, the latter recognized the need for special protection of the agricultural market within that Union.

"Within the framework of Benelux, that protection is regulated by the Protocol of 6 February 1954. Belgium and The Netherlands, in recognition of the special production conditions of the agriculture of Luxemburg, have granted the Government of the Grand Duchy the right to adopt autonomous measures regulating a certain number of products. These products are identically the same as the list contained in the request by Luxemburg for a waiver.

"The Decision adopted by the Committee of Ministers of Benelux on 3 May 1955 stipulates that total liberalization of agricultural products within Benelux will be carried out over a period of seven years. That Decision, too, takes account of the special position of Luxemburg, and stipulates 'that so long as harmonization of the agricultural policies of the three countries has not compensated for the unfavourable natural and structural conditions of the agriculture of Luxemburg, that agriculture shall enjoy a special régime'.

"Within the scope of Benelux, a fair solution has therefore been devised for the special problem of Luxemburg agriculture, through the understanding of our Benelux partners.

"Hitherto my remarks have been directed mainly to the vital position occupied by agriculture in the economic and social structure of my country, and the imperative necessity is for taking account of the special conditions of production. I should now like to speak briefly of the scope of the request by Luxemburg,

"It is singularly paradoxical that my country should be called a Grand Duchy, whereas it is one of the smallest countries in the world, both in area and population.

"I should like to recall here a little anecdote. During an international conference about thirty years ago - the French Minister for Foreign Affairs - Mr. Briand - was discussing with the Minister for Foreign Affairs of the Grand Duchy, Mr. Bech, who is still Minister for Foreign Affairs and Prime Minister. (Incidentally, you will doubtless admire the ministerial stability of my country). The two Ministers were discussing a map of Europe, spread out on a table before them. Mr. Briand, searching vainly on the map, asked Mr. Bech: 'But where is Luxemburg?'. And Mr. Bech replied, smiling: 'Just remove your little finger'.

"Document L/358/Add.1, shows that the volume of annual requirements of the country in agricultural products and food-stuffs is around 345,000 tons, of which 45,000 tons have to be imported. The proportion of products subject to quantitative import restrictions is about 13,000 tons, of which 8,000 tons are bread-grains whereas all the other products, i.e. 32,000 tons out of 45,000, do not come under the protective régime. These products include, in particular, sugar, vegetable oils, vegetables, fruit (except apples), fish, rice, coffee and others.

"In document L/358/Add.2, on pages 4 and following a short table shows, for all the products covered by the Luxemburg request, the annual requirements of the home market, domestic production and imports from third countries. All these products, except a few tons of meat ('tons and not thousands of tons') from Denmark, a few tons of cheese from Switzerland (which is not a member of GATT), and between 6,000 and 10,000 tons of bread-grains from the United States and Canada, are imported into Luxemburg from Belgium and The Netherlands.

"It is therefore our Benelux partners who are actually the only suppliers of the products in relation to which a waiver is requested.

"Further, it should be realized that even if the present restrictions were removed, the consequence would be rather an excessive drop in the prices for home producers, than an appreciable increase in imports. This slump in prices could not fail to be immediately followed by the ruin of Luxemburg's agriculture. It should be recalled that scarcely 25 years ago, agriculture employed still close on 35 per cent of the working population, whereas today that percentage is only 20 per cent. It should also be borne in mind that Luxemburg has no other means of employing labour which deserts the land.

"To sum up, our partners in the Benelux, who are practically the only parties concerned in the modest Luxemburg market, have recognized the legitimate claim of the Luxemburg request, and have authorized the Government of Luxemburg to maintain certain quantitative restrictions. This right is embodied in the Protocol of 6 February 1954. The Government of Luxemburg is entitled to adopt

autonomous regulation measures for all products in Schedule C, i.e. the same products as those enumerated in the request for a waiver. These products are subject to import licensing, and the Government of Luxemburg grants or withholds the issue of licences, according to the absorption capacities of the market.

"The Luxemburg request to the GATT is therefore equivalent to securing within the frame of the GATT, the régime of agricultural protection which already exists within the frame of the Benelux. Whereas this protection is of vital importance to the agriculture of Luxemburg and the whole country, the interests of contracting parties are, practically speaking, in no wise thereby impaired.

"I also cannot deny before the CONTRACTING PARTIES my conviction that no government or parliament in Luxemburg would be prepared to relinquish within the framework of GATT a protective régime which had proved indispensable within the framework of Benelux and the BLEU.

"The Government of Luxemburg is convinced that the CONTRACTING PARTIES who hitherto have always shown great understanding for the genuine serious difficulties confronting national governments, will not depart from their customary procedure, but will recognise, in turn, like our Benelux partners, the special case of Luxemburg's agriculture.

"To contracting parties, who may be somewhat hesitant on grounds of principle, I would say that recognition of the special case of Luxemburg's agriculture will not create a precedent. For many years past, there has always been the special case of Luxemburg's agriculture, and it has always been recognized by Luxemburg's economic partners. The granting of a waiver by the CONTRACTING PARTIES will merely be a recognition of that de facto situation.

"The Government of Luxemburg, in turn, assures the CONTRACTING PARTIES that the maintenance of certain quantitative restrictions will not prevent it from carrying out an active agricultural policy and that it will do its utmost to make its agriculture more competitive, with a view to relaxing the present system of protection to the greatest extent possible."