GENERAL AGREEMENT ON
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Review Working Party II on Tariffs,
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ARTICLE XXIV

Statement by the Australian Delegation concerning
its proposed Amendment of Article XXIV (W.9/48)
(30 November 1954)

Mr. Chairman, I acknowledge with gratefulness the special consideration which you and the Working Party have shown me in allowing me to introduce this subject this afternoon. I fully appreciate that the discussion must await its allotted turn in the work of the Group.

I refer to document W.9/48 which is an attempt by my Delegation to draft the proposal I had made in the Working Plenary in the form of an amendment to Article XXIV.

It has already been made clear, in the opening statement by the Ministerial Leader of the Australian delegation that Australia sees a serious inconsistency in GATT in the rigidity with which Article I is drawn in contrast to the greater flexibility which exists for other matters in which strict principles are stated. On the one hand GATT permits tariffs, apart from those which are bound for a specified period, to be freely adjusted. Moreover it permits bound tariffs to be adjusted under procedures laid down in the rules. On the other hand GATT rules freeze preferences which form an existing integral part of some tariff systems for an indefinite period indeed for the life of GATT, permitting their adjustment only in the direction of elimination.

An argument of such rigidity disregards the importance of the trade built up through existing preferential systems prior to 1947. It disregards also the undeniable fact that industries which were nurtured under a preferential system and which in important cases are vital to the development of the semi-arid inland of Australia, may be dependent on an adjustment of preferences to present-day conditions.

Australia has drawn attention also to the fact that the freezing of the maximum level of preferences, and the consequential denial of continued assistance to industries developed under preferential arrangements, has not been matched with any reasonable compensation. The anticipated development of conditions which would

make preferences unnecessary has not taken place. In fact the conditions which made preferences necessary remain, and in these circumstances Australia must look for a restoration of the right to adjust preferences to those conditions as they stand today.

Australia feels that this is a defect in the GATT which should be remedied. She does not advocate any wholesale expansion of existing preferential systems but merely that there should be a right to make limited adjustments within these systems so that industries developed by preferences in pre-GATT days may be given necessary assistance.

I want to make this position perfectly clear. We are not seeking approval to change existing preferential arrangements by unilateral or unqualified bilateral action. We want, however, to be in a position where we can talk to any contracting party with the object of reaching some satisfactory adjustment of existing preferential arrangements. We do not want to be told when we approach any contracting party that Article I of GATT prohibits any increase in preferences and that there is therefore no point in entering into discussions.

I hope it is clear from the amendment we have circulated that we have in mind that any proposed adjustment of preference would be part of an arrangement satisfactory to all contracting parties concerned. This includes our preferential partners and all other contracting parties interested in the trade in the products. Any mutually satisfactory arrangement reached would be submitted to the CONTRACTING PARTIES for approval.

The Working Party will observe that at no time is it suggested that the CONTRACTING PARTIES should lose control of the situation. Theirs is the final right of approval or disapproval. It is for this reason that our amendment suggests certain criteria which would influence the judgement of the CONTRACTING PARTIES on reaching a decision on any proposal.

Our proposal is simply therefore that GATT should clearly state that an increase in existing preferential margins would be permitted if it is a part of a freely negotiated arrangement agreed to by all interested contracting parties and approved by the CONTRACTING PARTIES as an organization.

There is one other aspect of the matter to which I wish to refer. We notice that the Chilean delegation has proposed that Article 15 of the ITO Charter be included in GATT. We consider this proposal should receive consideration - a suggestion made by my Minister in plenary. There may, for example, be justification for the use of a preferential arrangement for the development of an industry essential to the security interests of a certain geographical area. I want to emphasize, however, that we are asking for an examination of this proposal. We are not submitting a formal resolution.