

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.9/127

20 December 1954

Special Distribution

CONTRACTING PARTIES
Ninth Session

Original: English

Review Working Party I on
Quantitative Restrictions

QUANTITATIVE RESTRICTIONS FOR PROTECTIVE REASONS

Statement by the German Representative
at a meeting of the Working Party on 18 December 1954

The report of the Chairman of Sub-Group I-C on the discussions in that sub-group (W.9/116) does not show clearly enough that in a rather large number of countries there is still the necessity of maintaining such quantitative import restrictions for economic reasons. The need for such protection is not likely to exist for an indefinite period, but will rather exist only for a number of years.

However, the opinions as to a practical solution still differ widely. The German delegation does not believe that the problem of such restrictions can be solved in a purely formal way by means of a protocol of application for the future Agreement. To a certain extent, such a protocol of application will always be required for some matters. But to continue to keep such important problems in suspense by means of a protocol of application would, in the opinion of the German delegation, be neither advisable nor practicable. The German delegation believes that the new trading rules to be provided in the final Agreement must include a solution of this problem based on definite criteria which should already be established at this stage. The German delegation regrets to be obliged to state that it is not in a position to agree to new trading rules which do not make provision for the solution of the problem of quantitative restrictions for economic reasons.

This statement of the German delegation is based on the conviction that any country approving new and stricter trading rules for the post-convertibility period is running a considerable risk. Such a country must be in a position to see clearly what both the positive and negative aspects of the new situation will be like. No country can pursue a sound trade policy without such a clarification of conditions. Each country must be aware of the commitments which it is undertaking and shall have to undertake in the course of the following years. On the other hand, it must also know what it can expect from its trading partners both in the line of advantages and in the line of commitments.

In the discussions of Sub-Group I-C, the German delegation made a proposal for a practical solution of this problem of quantitative restrictions for other purposes, which, in its opinion, tackles the problem realistically. The German delegation wishes to express its regret that the proposals discussed in the sub-group are not adequately reported to the Working Party. There will never be principles of commercial policy that can be applied without any exception. The operation of the Agreement in these past seven years seems to prove that fact. However, what we believe could be attempted is a step by step approach towards an application of the principles to the greatest possible extent, as has been successfully done by other organizations, e.g., the Organization for European Economic Co-operation. Thus, a state of affairs might be reached in which there is clarity with regard to the legal situation and to the opportunities of trade.

In this connection, the German delegation would like to refer briefly to the liberalization within the framework of the OEEC. A fact which must be recognized is that, in this case, a group of countries representing a very considerable portion of world trade has achieved a high degree of liberalization of their mutual trade. That liberalization has resulted in a considerable expansion of trade and economic prosperity within these countries. The economic upswing in this area has, however, been of advantage to the trade of all other countries participating in world trade.

In these circumstances, the German delegation believes that it would be advisable to harmonize the activities of GATT and OEEC. At the plenary meeting of the CONTRACTING PARTIES, the chief of the German delegation pointed out the necessity of ensuring that the high level of liberalization reached by that group of countries be maintained within the framework of larger and wider trade and payments systems. The German delegation believes that the experience gained by OEEC should, wherever possible, be given consideration when dealing with the problem of quantitative restrictions under the GATT.