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CONSULTATIONS CONCERNING ANY DECLINE IN THE OFFTAKE OF PRIMARY COMMODITIES

Communication from the Delegation of Pakistan

During the discussion of the Pakistan delegation's proposal (document L/291 of 3 December 1954) in Review Working Party IV a number of representatives asked for the circulation of a working paper based on the discussion which had already taken place together with such other information as our delegation could furnish to facilitate further consideration of the proposal. The information requested is given below and the Pakistan delegation's request that this may kindly be circulated to the contracting parties so that the consideration of this proposal may be resumed as early as possible.

It was explained by the Pakistan delegation that the object of the proposal was to make available to the under-developed contracting parties the multilateral consultation procedure under certain given circumstances. Experience during the past seven years has shown that this procedure is applied in a constructive and responsible manner. It further acts as a deterrent against any form of unilateral action which militates against the letter and spirit of the Agreement. Now if we consider the economies of under-developed countries which are dependent for their earnings of foreign exchange on a few primary commodities it will be readily agreed that the gravest threat to such economies lies in a serious and sudden decline in the export of their commodities. Where such decline has resulted from measures taken by the government of another country it is intended that the procedure of consultations by the CONTRACTING PARTIES should be available to the under-developed country affected. In other words the proposal of the Pakistan delegation aims at making available to an under-developed contracting party the moral force of persuasion of some thirty or more contracting parties acting jointly and with due regard to all the circumstances of the particular case.

It is not the intention of the Pakistan delegation to suggest that the CONTRACTING PARTIES interfere in the ordinary laws of supply and demand. Nor is it intended to seek to upset or even influence the ordinary day to day business considerations. What is desired is that in any extreme case where a grave threat has arisen or is likely to arise to the economy of an under-developed country consequent upon measures taken by the government or quasi-government organizations of another contracting party the former may be able, at the discretion of the CONTRACTING PARTIES, to invoke the procedure of multilateral consultations.

This, it is submitted, is a reasonable request and its adoption would in some cases prevent situations from arising which demand exceptions to the normal "trading" rules. It may in certain cases avoid balance-of-payments difficulties and assist in establishing the multilateral pattern of trade for all.

Although the proposal was supported in the Working Party by a number of contracting Parties it is felt that its acceptance by all may be facilitated by a modification of the approach to the desired objective viz. to make available the multilateral consultation procedure to under-developed countries. It is, therefore, now proposed that instead of a new provision on the lines indicated in document L/291 an amendment be made to Article XXII as indicated below:-

I. After the word "health" add

"any measures affecting or likely to affect adversely the offtake of primary commodities."

II. Add new paragraph (2)

"(2) The CONTRACTING PARTIES may consult with any contracting party at the request of a contracting party from whose territory a decline is threatened or has taken place in the exports of primary raw commodities consequent upon measures taken by the former contracting party."

The presentation of this proposal in this form avoids contracting parties having to undertake commitments the precise definition of which it is difficult to incorporate in a treaty. The proposal as it now stands therefore enables also bilateral consultations to take place under the multilateral procedure.

It is hoped that this modification will remove difficulties which a few of the contracting parties, it is understood, felt in the acceptance of the proposal in its original form.

Lastly it is also submitted that the acceptance of this proposal will go some way to removing a serious imbalance between the industrialised economies and the under-developed economies vis-à-vis the Agreement. It will afford a direct benefit to under-developed countries and will to some extent make up for the lack of direct benefit which under-developed countries have in respect of tariff concessions.