

RESTRICTED

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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE

Contracting Parties

Second Session

Working Party 5 on Article XVIII

Note by the United Kingdom Delegation

Existing protective measures, as defined by Article XVIII, consist of non-discriminatory restrictions, imposed for the purpose of promoting economic development, in force on 1st September 1947, which were notified to the signatories of the Final Act of the General Agreement on Tariffs and Trade by 10th October, 1947. The terms of Article 14 of the Charter which Working Party No.3 has provisionally decided should (subject to necessary editorial changes) supersede paragraph 6 of Article XVIII, are similar in this respect.

2. When it was decided at Geneva in 1947 that existing measures should be notified by 10th October of that year, the United Kingdom circularized the Colonial territories to enquire whether any such measures were then in existence. As the result of these enquiries the United Kingdom made a nil return in respect both of the metropolitan and the Colonial territories. Owing to an oversight, and in particular due to the shortage of time for making such enquiries, two such measures which were in existence on 1st September and should have been notified by 10th October were not in fact so notified. These measures consist of restrictions on the import of tea into Mauritius and so-called "filled" soap into Northern Rhodesia.

3. The United Kingdom Delegation requests that, in the circumstances, the Contracting Parties will overlook the technical breach of Article XVIII and consider these measures as "existing" measures for the purposes of Article XVIII.

4. If this request is admitted it will be necessary to present to the Contracting Parties a statement of the reasons in support of the maintenance of these measures. The Protocol of Provisional Application of the G.A.T.T. has been applied on behalf of the British Colonial territories (with the one exception of Jamaica which is irrelevant in this connection) from 28th June, 1948, and since the statement in support of the maintenance of the measure is required within 60 days of that date, the United Kingdom Delegation ventures to submit the statement attached to this paper, in advance of the Contracting Parties decision on the request (referred to in paragraph 3 above) that these measures may be considered as "existing".

ANNEX

A: MAURITIUS

Tea

The importation of tea into Mauritius is restricted to a certain amount each year. The quantity authorised for import in 1946 was 50 tons and this was increased to 75 tons in 1947; the total imports which will be permitted in 1948 has not yet been decided but the quantity will not be less than 60 tons. This restriction is imposed by the Controller of Supplies by virtue of powers which he holds under Defence (General) Regulations 1939.

2. The purpose of the restriction is to ensure consumption within the island of all locally grown tea in order to preserve the industry and to encourage greater production.

3. Mauritius is too much dependent on a single crop; the island is overpopulated in terms of the present economy and population is increasing. Reorganisation of the sugar industry, including further centralisation and mechanisation, which will be essential to the survival of this key industry on the return of competitive conditions, may well lead to considerable unemployment among a section of the population. The need for additional industries, to absorb displaced labour and to provide for increasing population, is, therefore, imperative. There is a good deal of land suitable for tea production and unsuitable for other crops which, if fully developed, could supply internal requirements on the basis of a considerably increased consumption per head, and allow of a small export to Madagascar and other countries. It is proposed to foster this development and to aim at a progressive improvement in the quality of the local product. If our objects are to be attained, protection of the industry is essential during the initial stages of development.

4. It is estimated that to achieve these objects a quota system will have to be continued for a further five years, after which the position should be reconsidered in the light of the results which have been achieved.

B. NORTHERN RHODESIA

"Filled" Soap (i.e., soap containing not less than 45% and not more than 62% of fatty acid).

I. Prohibition of the import of "filled" soap into Northern Rhodesia from the Belgian Congo was instituted in 1943 with the object of preventing the product of the Northern Rhodesia Soap Manufacturers from being undersold by the product of the manufacturers in the Belgian Congo. At that time there were two

factories in Northern Rhodesia, situated at Ndola in the Copperbelt area of the Territory. Both these factories had to rely for their raw material (palm oil) on supplies obtainable from the Belgian Congo, and, owing to the fact that a considerable differential existed between the price at which this palm oil was made available to the local manufacturers in the Congo and for export (£14 and £37.10 per ton respectively), it would have been possible, without this prohibition, for the Belgian Congo manufacturers to export and place their products on sale in Northern Rhodesia at a cheaper price than the Northern Rhodesia product.

2. Palm oil was at the time in short supply and has continued to be so since then. Further, there was no guarantee that the Belgian Congo manufacturers of soap would be in a position to maintain supplies for Northern Rhodesia at an essential level, and, if supplies had failed from that source, the Northern Rhodesia Government might have been compelled to assist in maintaining its local factories to ensure adequate supplies, either by direct financial subsidy or by permitting an enhanced price to compensate for the reduction in the volume of sales by the local manufacturers. It was clear that if Northern Rhodesia had not taken the action under reference the local factories would have been compelled to close down and this Territory would have become dependent for its common soap requirements on such supplies as might be available for export from the Belgian Congo, and which might have been inadequate to meet this Territory's requirements.

3. The importation of filled soap from the Belgian Congo was therefore prohibited by the issue of Government Notice No.14 of 1943 after prior notification had been given to the authorities of the Belgian Congo through the British Consul at Elisabethville. The measure is a purely temporary one designed to keep local industry in being, and has been necessitated by under-selling made possible primarily by the high margin between internal and external prices for palm oil which existed in the Congo. It is not possible, at present, to indicate for how long it will be necessary to retain it, as this must depend upon the availability of supplies and the price of palm oil. The position is, however, under review.

4. The prohibition does not apply to the Congo Basin area of this Territory.

II. Pursuant to Article IV(a) of the Northern Rhodesia-Southern Rhodesia Customs Agreement of 1933, which provides that "filled" soap manufactured in one territory shall not be exported to the other territory, the importation of "filled" soap from Southern Rhodesia into Northern Rhodesia is also prohibited.