

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Quantitative Restrictions

REVISION OF ARTICLE XVIII

Statement made by the representative of the

FEDERATION OF RHODESIA AND NYASALAND

On 26 November 1954

The Leader of the Delegation of the Federation stated in plenary session that we regard ourselves as one of the underdeveloped countries. We therefore have a particular interest in the various forms of Article XVIII which have been put forward to the Working Parties.

It seemed to us initially, however, that with the distribution of work between the Working Parties it was unlikely that any of them would at this stage examine the criteria entitling countries to the special benefits of Article XVIII and that attention would be devoted more to the nature of the benefits and the mechanism by which benefits would be obtained, maintained or withdrawn. We thought criteria of qualification were a matter more appropriate to later discussion possibly in joint groups or in plenary session.

However, the discussions in Working Parties I and II have hinged to quite an extent on what constitutes underdevelopment or what type of country should be entitled to take advantage of the special provisions. It has been suggested that these provisions should be open to those countries which can only afford low standards of living for their people at the present stage of development. It has been suggested that they should be the prerogative of countries having a low level of real and net national product per capita. It has also been suggested that countries undergoing a rapid rate of development should take advantage of them.

Our conclusion, from listening to the argument is that it would be unjust to endeavour to lay down criteria of this nature and that this division of the parties into two groups with somewhat shadowy margins between them would in the long run be damaging to GATT. We wish to point out that both the Havana Charter and the General Agreement direct themselves to economic development which is the concern of all countries and not only to raising the capacity of the underdeveloped countries. We feel that the contracting parties should endeavour

to stick to this principle, especially if the scope of the Agreement is to be widened to include certain other provisions as has been suggested, including the essential part of Article 12 of the Havana Charter relating to international investment for economic development, investment which as we have stated in plenary session is required most particularly in countries which are only starting their industrialized economy.

These arguments are reinforced by the contemplation that the new Article XVIII will also displace paragraph 3 of Article XII of the General Agreement.

It seems to us that if any special criterion is required it should be that the country concerned has an economy which is out of balance as between primary and secondary production. This would mean that any country which could show that it required special treatment to enable it to develop that balanced economy without which no country can be a fully effective participant in multilateral trade, should be permitted to take advantage of the special provision.

Possibly, the best approach would be to entitle to the concession those countries which can demonstrate to the satisfaction of the CONTRACTING PARTIES that the normal provisions of the General Agreement are stultifying their aim of achieving balanced economic development.

We would like to commend these thoughts to the consideration of the Working Party as being in the interest of expanding multilateral trade generally. This approach, together with the provisions I have referred to regarding encouragement of the inflow of investment capital, would in our opinion produce procedures specifically directed to furthering economic development generally.

On this basis we support provision for a limited use of quantitative restrictions and tariffs towards this end. We generally favour the use of the tariff for this purpose, but there are cases, for example when it is necessary to protect a product which becomes the raw material of the secondary or tertiary stages of manufacture, where the tariff repercussions are not only unduly complicated but unduly burdensome and the quantitative restriction has the advantage of putting the protection precisely where and to the extent that it is required.

We would accept unhesitatingly that, whatever freedom was given to the countries concerned, there should be consultation with the contracting parties and that the concessions should be subject to annual review by the CONTRACTING PARTIES.