

GENERAL AGREEMENT ON TARIFFS AND TRADE

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QUANTITATIVE RESTRICTIONS FOR PROTECTIVE PURPOSES

Statement by the German Delegation at a meeting on 2 December 1954

In his statement made at the Plenary Session on the 9 November 1954 (Press Release 181 and Add. 1), the Federal Minister of Economic Affairs, Prof. Erhard, expressed the general opinion that tariffs should ordinarily be the one and only means of enforcing foreign trade policy. In line with this view, the German Delegation has advocated a tightening of the provisions governing quantitative import restrictions for balance-of-payments purposes.

In the opinion of the German Delegation, such a tightening of the provisions on import restrictions for balance-of-payments purposes can, however, only be achieved by acknowledging the fact that, in cases where the reasons which warrant restrictions for balance-of-payments purposes have ceased to exist, there may be other reasons of an economic or social character which justify import restrictions. Those restrictions should, however, also be gradually dismantled. We believe that the solution to this problem should be found by reconciling the need for protection of various countries with the trading interests of the other contracting parties.

In the Federal Republic, we have still some sectors, particularly the agricultural sector, for which some measure of protection is being maintained in the form of quantitative import restrictions. We do not consider these restrictions, which apply only to a small proportion of imports into Germany, as being of a permanent nature, and it is intended to relax them gradually in the course of a wholehearted effort designed to increase productivity. We presume that there are other contracting parties which have to face problems of a similar nature.

The German Delegation believes that the treatment of this problem would be facilitated if each country were to state quite frankly whether and, if so, what quantitative import restrictions for economic purposes it would like to maintain. Such a statement could be given either in the form of a list of the products concerned or in the form of a notification

of the proportionate share of such goods in the total figure of import trade. Thereupon, the question might be discussed, how and under what terms and conditions the CONTRACTING PARTIES might approve the temporary maintenance of such import restrictions. Our idea is that the CONTRACTING PARTIES will approve of such restrictions subject to the condition that the contracting parties whose interests are involved are granted a fair share in the market. Furthermore, the CONTRACTING PARTIES should regularly review such restrictions and provide for consultations with the aim of gradually dismantling the restrictions.

In this connection, it would appear necessary to deal with the problem of discrimination. The Government of the Federal Republic is of the opinion that discriminatory treatment should be avoided when applying quantitative restrictions. Nevertheless, the question will have to be examined, whether there are cases where the only way of establishing a contracting party's fair share in the market is by making some distinction in treatment.

The German Delegation believes that the adoption of these proposals would result in the Agreement becoming clearer and more effective.