

JAMAICA'S PARTICIPATION IN THE GENERAL
AGREEMENT ON TARIFFS AND TRADE

The Government have decided that Jamaica should participate in the General Agreement on Tariffs and Trade. Her Majesty's Government have been so informed, and requested to notify the Executive Secretary of GATT that the Agreement is now being applied by the United Kingdom on behalf of Jamaica. This the United Kingdom, as a contracting party to the Agreement, has the right to do at any time whilst Jamaica is still a dependent territory.

The significance of this procedure is that, on independence Jamaica will be able to accede to the Agreement in its own right without having to pay an "admission fee" by way of negotiations which may involve the granting of tariff concessions to other contracting parties.

Any small country seeking a higher standard of living must depend on a steady expansion of its foreign trade to help close the gap in the balance of payments which is likely to be caused by its investment programme, and other expenditure on public and social services. In this connection therefore our industrialisation must be accompanied by free access to export markets. This need to expand our exports, particularly in the industrial field, compels us to seek new markets, by participating in GATT. Not only will we be obtaining most-favoured-nation treatment in matters of customs and import licensing, but we will have the opportunity of negotiating concessions of particular interest to our industries.

Further, at a time when there is general tendency towards closer international co-ordination and co-operation, it is vitally important that Jamaica should take its place in an international economic organisation where it can present its own point of view. Over ninety per cent of the trading nations of the world are members of GATT, and our three best customers, the United Kingdom, the United States and Canada are all staunch members. An independent Jamaica outside GATT would find it very difficult indeed to negotiate in future with its existing trading partners or to gain access to new export markets unhampered by discrimination.

Overriding considerations of domestic policy and certain provisions of the Agreement, for example the general elimination of quantitative restrictions, have in the past prevented us from taking the step now contemplated. Article XVIII of the Agreement provides for the retention of quantitative restrictions by less-developed countries, such as Jamaica, in certain specified circumstances. The

/general...

general concept of this Article is that economic development is consistent with the objective of the General Agreement and that the raising of the standard of living of a less-developed country, which should be the result of economic development, will lead to the objectives of the Agreement.

Jamaica will be required to seek the concurrence of GATT for our existing quantitative restrictions and those which we will wish to impose in the future. Our task will then be to show that they are required either for balance of payments reasons or to promote the establishment of particular industries "with a view to raising the general standard of living of the people". This flexible form of words has been used by GATT so as to cover cases where the direct contribution which the establishment of a new industry was expected to make to the general standard of living of the people was not appreciable.

The Agreement calls for a review of these restrictions every two years -

- (a) to discuss the effects of these measures,
- (b) to view the progress made by the industries in question; and
- (c) to exchange views on the problems facing countries resorting to restrictions, as well as the difficulties created for exporting countries.

The obligation to have our imports reviewed in this way, will also be useful in discouraging the tendency for manufacturers sheltering behind quantitative restrictions to become complacent as regards their competitive position. As Jamaica will need to expand its exports to earn more foreign exchange to help pay for her economic development, it is in the country's interest that our industries be made competitive as early as possible, and be able to survive behind a tariff barrier rather than behind import restrictions.

When Jamaica becomes independent and acquires full autonomy in the conduct of its external commercial relations, the Government intend to accede to the Agreement in its own right but will avail itself of the two-year "wait and see" period accorded to newly-independent territories so as to allow them "time to consider their future commercial policy and the question of their relations with the General Agreement". In the meantime the provisions of the General Agreement will continue to be applied to trade between Jamaica and the contracting parties to GATT.

The foregoing has been prepared for the information of the House.