At this Session the Australian Government requested a waiver of obligations under Article I in order to provide certain advantages to primary products of the Territory of Papua-New Guinea when these products are imported into Australia, for the purpose of promoting the economic development of the Territory.

The Australian representative pointed out that the economy of the Territory was very backward and that the absence of an internal market limited the investment of capital in the production of those primary products which might profitably be grown in the Territory. In order to encourage investment it was necessary to give investors an assurance that they would be able to count on a market in Australia for the production they would develop in the Territory. The Austrian Government, which had obligations under a Trusteeship Agreement for New Guinea, wished to provide such an assurance by affording advantages for the importation into Australia of products which were grown or might be grown in the Territory.

The request was examined by a Working Party, which - after examining several alternatives - agreed to recommend that the provisions of Article I, paragraphs 1 and 4(b) be waived to the extent necessary to permit the Government of Australia to grant or continue to grant duty-free treatment to primary products of the Territory not bound under the GATT - without regard to the rates of duty applicable to like products of any other contracting party.

The Contracting Parties, in granting a waiver in these terms took into consideration the assurances given by the Government of Australia that the waiver would be utilized for the development of the Territory in such a manner as not to cause material injury to the competitive trade of any other contracting party. In order to safeguard the interests of other contracting parties a procedure for notification before action would be taken under the waiver and for prior consultation, in respect of any action which would result in increased duties, with any contracting party which considered such action would threaten substantial injury to its competitive trade with Australia, was included in the terms of the waiver.

The Government of Australia will, under the terms of the waiver, report annually to the Contracting Parties, and the waiver may be reviewed at a future date if the underlying economic factors affecting the production and trade of the Territory should change in such a way that the special treatment authorized by the waiver should result or threaten to result in substantial injury to the competitive trade of any contracting party.