GENERAL AGREEMENT ON TARIFFS AND TRADE

Meeting of Ministers

STATEMENT BY THE HON. SHEHU SHAGARI,
FEDERAL MINISTER OF ESTABLISHMENTS,
FEDERATION OF NIGERIA, ON 28 NOVEMBER 1961

It was at the twelfth session of Contracting Parties that trade ministers took the important step that led to the Haberler report; then to the establishment of Committees I, II and III, and now, to this unique meeting of ministers, which, judging by the discussions of yesterday and the early part of today, augurs well for the future. In referring to the discussions on tariffs, I wish to take this opportunity to say that although Nigeria, at the time of becoming a full contracting party, invoked Article XXXV against Japan, Nigeria, in fact, accords Japan most-favoured-nation treatment. Nevertheless we share the view that further consideration should be given to the overall problem concerned with the invocation of Article XXXV. I am glad to inform the meeting that Nigeria has commenced discussions with Japan on the matter and that satisfactory progress is being made.

Because the three items on the agenda of this meeting are related, I find that discussions on the first item have to a great extent paved the way for the second item and have indeed anticipated many of the points I had wished to make in introducing the item that stands under the name of Nigeria.

In the opinion of my Government, Committee III has done a most useful work, and has identified the major obstacles that confront the exports of the less-developed countries in the markets of the industrialized countries: these obstacles in the main are: high tariffs, revenue duties, internal charges, quantitative restrictions, etc. However, we regret to note, in the special report of Committee III, that in comparison to the magnitude of the problem, insufficient progress has been made.

May I at this stage, as examples, draw attention to the findings and progress made on a few primary products and their derivatives which illustrate this disturbing situation:

1. Cocoa and cocoa products

(a) High internal taxes and revenue duties were identified in such countries as the United Kingdom, the Netherlands and other members of the EEC, Denmark, Finland, Norway, Japan, Australia, Austria, Canada, Poland and Yugoslavia. So far, only Denmark is reported to have reduced by 25 per cent the taxes on cocoa beans, cocoa and chocolate products;

(b) No improvement has been recorded in the situation created by differential tariffs in favour of raw cocoa, as in some member States of the EEC;
(c) Import restrictions exist in such countries as France, Italy, Japan, New Zealand, Norway, etc. but so far Italy, Japan and Norway have taken steps towards liberalization.

2. \textbf{Oilseeds and vegetable oils}

These include groundnuts and groundnut oil, benniseed, palm kernels and palm oil, etc. There is in many countries a high degree of protection for these commodities operated through high tariffs, and to a marked extent through quantitative restrictions, State-trading practices, mixing regulations, etc. So far only limited liberalization steps have been taken in a few countries.

In the field of tariffs, no progress whatsoever has been made and the widespread differentiation in import treatment according to stage of processing continues. The Common External Tariff of the EEC provides for further differentiation between the tariffs on vegetable oils for edible purposes and for industrial use.

There has been no change either in respect of domestic price support in some countries or in mixing regulations in force in such a prosperous country as the Federal Republic of Germany.

3. \textbf{Timber}

Instead of existing high tariffs and restrictive measures being dismantled, new barriers are being erected against some less-developed countries. To date, most imports from less-developed countries to the member States of the EEC have entered free, but with the progressive implementation of the proposed Common External Tariff, increases in tariffs will inevitably result.

The recommendations in document L/1557 show the vastness and the complexity of the problems confronting less-developed countries, on which positive actions are being called for, and if I now proceed to propose one such action, it is not that I fail to see the other problems or that my Government is not concerned with finding a solution to them. In fact, Nigeria has in concert with others sponsored a Programme of Action that is before this meeting. Rather it is because Nigeria is one of the increasing number of less-developed countries in GATT that rely and will continue to rely for some time considerably on primary products for their export earnings.

We are here because we want to achieve concrete results. May I therefore, at this stage, formally present my Government's request for duty-free entry for tropical primary products contained in a paper which has already been circulated for this meeting as document L/1608.

The Government of Nigeria is of the opinion that duty-free entry for tropical products would tend to increase consumption by lowering prices; increased consumption means increased export earnings and prosperity of less-developed countries, which in turn, by increasing imports of the less-developed countries from industrialized countries, would also contribute immensely to the prosperity of these countries.
In addition, the increased prosperity of less-developed countries would generate the capacity to process some of their products, engage in simpler manufactures, and this, apart from leading to a more economic utilization of world resources, would also lead to a more efficient use of the financial and technical assistance that has been given by the industrialized countries. It is recognized that financial and technical aid alone is not enough and that barriers to the trade of less-developed countries contribute in no small degree to the inefficient use of assistance that has hitherto been manifest in some countries.

Duty-free entry will also contribute in no small measure to the solution of other problems, particularly those connected with semi-manufactured goods and simpler manufactures; and above all it would provide a ray of light in GATT, a brilliant ray that would dispel the sombre cloud that has for some time shrouded the activities of this child of hope, the General Agreement.

I am happy to note that India, Malaya, the United States and Ghana have already supported my Government's proposal whilst other countries have indicated support in principle.

My Government is aware of the implications of this proposal but is convinced that the proposal can be implemented without undue strain and in a few years, and would suggest that actual details be worked out by contracting parties, perhaps through a working party.

In conclusion I would wish to quote from a well-known authority: "no sound concept of an integrated world economy can fail to give a prominent place to the problems of the less-developed countries, any more than an enlightened national economic policy can afford to tolerate the persistence of depressed areas within the national economy".