Notification by Southern Rhodesia of an Application for a Release under Article XVIII

The following letter, dated 12 December, 1949, giving advance notification of an application which may be made at the Fourth Session for a release under paragraph 7(a) (iii) of Article XVIII, has been received from the Secretary to the Prime Minister of Southern Rhodesia:

"I have the honour to notify you in terms of Article XVIII of the General Agreement on Tariffs and Trade of the following facts relative to the importation of Margarine into Southern Rhodesia.

"In normal rainy seasons Southern Rhodesia is a fairly large producer of groundnuts and there is established a well represented privately owned oil expressing industry. Every endeavour is made to maintain and even increase the production of the groundnuts for three reasons:--

(a) groundnuts are an essential part of a balanced diet for Africans,
(b) after catering for (a) it is desired to keep the oil expressing factories working at full capacity, and
(c) the resultant oil-cake from the factories is, even at full capacity production, insufficient to meet the demands for cattle feed by the dairying industry which is unable to keep pace with the demands for butter and milk within the Colony. The rationing of butter in varying amounts, dependent upon the availability of imports, of quarter to half pound per adult per week has been in force for many years. Fresh milk is supplemented by imports of tinned milk.

However, the oil expressed in the factories is far in excess of the requirements of the Colony and at times it becomes a matter of some difficulty to dispose of it at a reasonable price in the export market. In view of what has been said in (c) above it is naturally not desired to export the groundnuts themselves. Moreover, the African does not use the groundnut oil in his diet but prefers the actual nut. It became necessary therefore, to seek some means of increasing the local consumption of the oil and it was accordingly decided to permit private enterprise to erect a Margarine factory to effect this purpose and at the same time supplement the butter ration."
"The building of a factory was commenced and in 1946 the Margarine Act (No.43) was promulgated on the 15th of November, and I attach hereto, a copy as Annexure A: The power to prohibit the importation of Margarine had previously been vested in His Excellency the Governor by the provisions of Section 70 of the Dairy Act No. 28 of 1937: Meanwhile, the company was experiencing difficulty in obtaining suitable machinery to equip the factory and further delay ensued when the factory was sold in its unfinished state.

"On the 11th of June 1946, Regulations were published under the Margarine Act and are attached hereto as Annexure B. As further technical difficulties were being experienced by the factory, it was decided to allow limited importation of Margarine, mostly from the Union of South Africa, as from October, 1948. The limit of 4C, tons per month was imposed originally and it has now risen to approximately 60 tons, practically all of which is supplied by the South African branch of the same company now established in Southern Rhodesia. The use of this quantitative restriction on importations was adopted in preference to alterations of the Customs and Excise Tariff for two reasons:—

(i) It is essential to keep the price of margarine at least relative to the price of butter.

(ii) The period in which importations will be allowed is dependent upon the establishment of the factory. The temporary nature of this period is reflected in the fact that permits are issued on a monthly basis.

"In view of the objects which it is expected to achieve upon the establishment of the factory it will be apparent that it is desired to maintain the present limitation on importations of Margarine, and upon entry into production of the factory it may become necessary to restrict importations still further or even to prohibit them.

"With this end in view, notification is being given now that an application will be made at the Fourth Session for a release under paragraph 7 (a) (iii) of Article XVIII of the General Agreement on Tariffs and Trade should it be decided to take the action outlined above. It would be appreciated if you would transmit this information to the Chairman of the Contracting Parties and advise him that the Southern Rhodesian Delegation to the Fourth Session will bring further information on the lines of GATT/CP:3/60/Rev.1: Much of this information will, however, depend upon whether the factory is actually in production at the date of the Session."

Note: The Annexures A and B referred to in the first and second paragraphs above are not reproduced here: The texts will be supplied during the Session.