

MEMORANDUM FOR CABINET BY THE MINISTER OF  
INDUSTRIAL DEVELOPMENT AND TOURISM

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New Chapter on "Trade and Development" to be added to  
the General Agreement on Tariffs and Trade

Hon. Ministers are invited to agree that the instruments relating to the introduction of a new Part IV ("Trade and Development") into the GATT are accepted and signed by Malta. The position is explained below.

2. On the recommendation of the GATT Ministerial Meeting of May 1963 a Legal and Institutional Framework Committee was appointed to establish adequate machinery for the purpose of furthering the development of trade of the less-developed countries.

3. This Committee after having examined all aspects of the matter concluded that the most appropriate form to put the wishes of the Contracting Parties into effective operation would be to include a new Chapter on "Trade and Development" for incorporation in the General Agreement.

4. This Chapter, called "Trade and Development", consists of three articles (XXXVI, XXXVII, XXXVIII) to be incorporated in the General Agreement as Part IV. The declared aim of this new Part IV is "to facilitate the expansion of the export trade of the less-developed countries in order to enable them to have the means to raise their standard of living and promote more rapid economic development".

5. This is a new venture of GATT and the relevant provisions contemplate not only the measures which are thought to be necessary to promote the trade and economic development of the less-developed countries but they visualise also the possibility of the Contracting Parties, acting together, requiring to analyse and study the development plans of individual less-developed countries.

6. There are no hard and fast rules whereby a country can be qualified as being "less-developed" but the practical approach adopted in GATT is for a contracting party to be considered as such if the country itself claims to be "less-developed". Territories newly emerging into independence

have up to now automatically been considered as qualifying for "less-developed country" status, so that there is little doubt about Malta also being accepted as a "less-developed" country.

7. The great gap existing in the stages of development as between the developed and the less-developed countries is a complaint which runs through all the deliberations in GATT and the new Part IV is precisely meant to provide measures aiming at a reduction in this gap. Since Malta is a special case, it is not possible to say in detail how the new Part IV will affect her; but it can safely be assumed that the new provisions will not be harmful to her interests. A more important consideration however that makes it recommendable for Malta to adhere to the new provisions is that it would give her the possibility to explain her particular interests.

8. It is difficult at this initial stage to make a full and final assessment of the effects which the new Part IV will have on Malta. On one hand, the new provisions are directed to assist the economic development of less-developed countries; on the other hand we should see the reaction of other countries before committing ourselves.

9. In the light of this, it is suggested that Cabinet approval should be given to enable Malta to accept the new provisions of Part IV but that the signing of the relevant instruments should be postponed until consultation has been made with friendly countries and in particular other countries in development. The reason why this procedure is being suggested is to place our representative in a position to act immediately when necessary.

10. The relevant instrument to be signed is:-

A Protocol amending the General Agreement on Tariffs and Trade to introduce a Part IV. This protocol was opened for signature on 8 February 1965 and on this date it was signed by 13 countries finally and by 15 countries 'ad referendum'. The protocol will remain open for signature up to the 31 December, 1965, with a possibility of extension thereafter and will become effective in respect of those Contracting Parties which sign it when approved by two-thirds of the Contracting Parties.

11. Acceptance of the Protocol referred to above will be taken to constitute, unless otherwise notified to the GATT, acceptance of certain instruments providing for purely formal amendments, which do not affect Malta.

12. Another document to be considered in this connection is a Declaration providing for the implementation of the Provisions of Part IV on a 'de facto' basis as from the 8 February until they enter into force 'de jure', that is the date on which the Part IV becomes legally effective (as a result of the Protocol having been accepted by two-thirds of the contracting parties to the GATT.)

13. Information has been received that this Declaration has already been adopted by 53 countries and GATT have asked whether the Malta Government is prepared to implement the amendments on a 'de facto' basis. It is suggested that the Cabinet approval requested earlier in this memorandum should also cover assent to this Declaration.