

Statement regarding the Committee of Enquiry into South Africa's position under the General Agreement on Tariffs and Trade (GATT)

Issued by the Honourable the Minister of Economic Affairs, Mr. S. L. Muller

4th October 1972

The Committee of senior representatives of the public and private sectors which the Government appointed under the chairmanship of Mr. G. J. J. F. Steyn, Secretary for Commerce, to investigate the extent to which South Africa's obligations under GATT are reconcilable with the country's essential development needs, as well as the steps which the Government can take to overcome any problems which its continued membership of GATT may present for the effective protection of local producers and manufacturers, has just completed its investigations, and has submitted its report to me as a confidential document.

The Committee has concluded that the wide range of tariff commitments in respect of manufactured goods which the Government has assumed under GATT, as well as the fact that such a large number of South Africa's customs duties on these goods have been bound against increases under GATT at particularly low levels, coupled with the difficult problems which the Government is experiencing in its efforts to negotiate releases from these obligations according to the prescribed GATT procedures, represent a real obstacle to the country's further sustained economic development and, more particularly, to its further industrial development.

The Committee is firmly convinced that the further expansion of the industrial sector is indispensable to the country's sustained economic welfare; to the maintenance of healthy socio-political relationships in South Africa; and to the provision of increased and more rewarding employment opportunities for the country's growing population of all races. The Committee is, however, equally convinced that the desired industrial expansion in South Africa will not be achieved unless the Government possesses the necessary freedom to grant adequate and effective tariff protection to local manufacturers in deserving cases.

The Committee has emphasized that GATT, in its pursuit of the objective of a freer world trade, specifically grants recognition to the use of customs tariffs as the only permissible instrument which developed countries may use for protective purposes. Although South Africa is regarded as a developed country for the purposes of the applicability of the relevant GATT rules, it has not as yet attained the stage of development normally associated with a developed country. South Africa thus finds itself in the unenviable position that it may not use import control for protective purposes, while its use of the only other permissible means of protection, namely customs tariffs, is restricted by virtue of the extent to which its customs tariffs have been bound under GATT as well as its inability to negotiate expeditiously, and to an adequate extent,

relief from these tariff commitments in accordance with the procedures prescribed by GATT.

The Committee is of the opinion that, when viewed in the context of the basic objectives of GATT as they are defined in the preamble to the Agreement, South Africa is fully entitled to promote the healthy growth of the country's industrial sector with the aid of selective tariff protection, and that its exercise of this right cannot be regarded as irreconcilable with the provisions of the Agreement read as a whole.

At the same time the Committee has found that, despite the wide scope of the tariff commitments which South Africa has assumed under GATT and the particular problems which the existence of these commitments is creating for the granting of adequate and effective tariff protection to local manufacturers, there are still many items in the South African customs tariff which are not bound under GATT and in respect of which the Government, therefore, possesses the necessary freedom to grant tariff protection to local industries. A large number of these unbound tariff items relate to classes of goods of which the importation is still being effectively restricted by import control.

The Committee has recommended that local manufacturers of these categories of goods who desire the Government to grant adequate tariff protection to them in place of the incidental protection which they at present enjoy under import control should, by 30th December 1972, at the latest, submit properly motivated applications for such protection to the Board of Trade and Industries. If no such applications for tariff protection are received from local manufacturers by that date, the goods in question will be exempted from import control.

As regards the problems which South Africa's GATT tariff commitments are creating for the promotion of the industrial sector's further economic growth, the Committee has recommended various steps which, in its opinion, the Government should take in order to grant effective protection to local industrialists in cases where this is regarded as necessary. Generally speaking, these measures are aimed at enabling the Government, in so far as it may be practically possible for it to do so, to carry out its policy of selective protection for industry in a manner which will not be inconsistent with its GATT obligations. At the same time, however, the Committee has foreseen the possibility that even the very best efforts of the Government to find solutions to these problems which would not run counter to its GATT obligations, may possibly not be successful. And, in those cases, the Government will then be obliged to consider other measures in order

to grant effective protection to local industrialists in cases where this is regarded as necessary.

The Government has accepted the Committee's recommendations in their entirety in the firm hope that, in doing so, it will once and for all put an end to all the speculation and uncertainty which the nature and the extent of South Africa's GATT tariff obligations are still creating amongst the country's existing and prospective manufacturers.

In particular the Government has approved the recommendation that a Standing Committee of heads of departments and representatives of the private sector be appointed to review from time to time the implementation of the Steyn Committee's recommendations; to discuss important developments in connection with the application of GATT; and to submit further proposals in this connection to the Government for consideration.

With its acceptance of the Committee's recommendations, therefore, the Government now also wishes to give a firm undertaking to existing and prospective manufacturers that they may rest assured that, regardless of the existence of South Africa's GATT tariff obligations, the Government will continue to take the necessary steps to grant them the measure of protection which it considers justified in the circumstances of each particular case.

Verklaring insake die Komitee van Ondersoek na Suid-Afrika se posisie onder die Algemene Ooreenkoms oor Tariewe en Handel (AOTH)

Uitgereik deur Sy Edele die Minister van Ekonomiese Sake, Mnr. S. L. Muller

4 Oktober 1972

Die Komitee van senior verteenwoordigers van die openbare en private sektore wat die Regering onder die voorsitterskap van mnr. G. J. J. F. Steyn, Sekretaris van Handel, aangestel het om ondersoek in te stel na die mate waartoe Suid-Afrika se verpligtinge onder die AOTH versoenbaar is met die land se noodsaaklike ontwikkelingsbehoefte, asook na die stappe wat die Regering kan doen om enige probleme wat sy voorgesette AOTH-lidmaatskap vir die doeltreffende beskerming van plaaslike produsente en nyweraars meebring, te oorbrug, het so pas sy ondersoek voltooi en sy verslag aan my as 'n vertroulike dokument voorgelê.

Die Komitee het tot die gevolgtrekking gekom dat die breë reeks van tariefverpligtinge op vervaardigde goedere wat die Regering onder die AOTH aanvaar het, asook die feit dat so 'n groot aantal van Suid-Afrika se doeanetariere ten opsigte van vervaardigde goedere op besonder lae peile onder die AOTH teen verhoging gebind is, gepaardgaande met die wesentlike probleme wat die Regering ondervind om volgens die voorgeskrewe AOTH-prosedures onthefings van hierdie verpligtinge te beding, 'n werklike struikelblok vir die land se volgehoue ekonomiese ontwikkeling, en veral vir sy verdere nywerheidsontwikkeling, verteenwoordig.

Die Komitee het dit as sy vaste oortuiging uitgespreek dat die verdere uitbreiding van die nywerheidssektor onontbeerlik is vir die land se volgehoue ekonomiese welvaart, asook vir die behoud van gesonde sosio-politieke verhoudinge in Suid-Afrika en die verskaffing van ruimer en meer lonende werkgeleenthede vir die land se uitbreidende bevolking van alle rasse-groepe. Die Komitee is egter ook ewe oortuig daarvan dat die gewenste nywerheidsuitbreiding in Suid-Afrika nie behaal sal kan word tensy die Regering oor die nodige vryheid beskik om in verdienstelike gevalle doeltreffende en voldoende beskerming aan plaaslike nyweraars te verleen nie.

Die Komitee het beklemtoon dat die AOTH, in sy strewe na 'n vryer wêreldhandel, spesifiek erkenning verleen aan die gebruik van doeaneregte as die enigste toelaatbare instrument wat die ontwikkelde lande vir beskermingsdoeleindes mag aanwend. Hoewel Suid-Afrika, vir die doeleindes van die AOTH-reëls, as 'n ontwikkelde land beskou word, het hy by verre na nog nie die ontwikkelingspeil bereik wat normaalweg met dié van 'n ontwikkelde land geassosieer word nie. Suid-Afrika bevind hom dus in die onbenydenswaardige posisie dat hy nie invoerbeheer vir beskermingsdoeleindes mag gebruik nie, terwyl sy gebruik van die enigste ander toelaatbare beskermingsmiddel, naamlik doeanetariere, in 'n aansienlike mate beperk word

vanweë die omvang van sy tariefgebondenheid onder die AOTH asook sy onvermoë om in 'n voldoende mate en betyds verligting van hierdie tariefverpligtinge volgens die neergelegde prosedures van die AOTH te beding.

Die Komitee is van mening dat Suid-Afrika, in die lig van die AOTH se basiese doelstelling, soos in die aanhef van die Ooreenkoms omskryf, volkome die reg het om met behulp van selektiewe tariefbeskerming die gesonde groei van die land se nywerheidssektor te bevorder en dat sy uitoefening van hierdie reg nie as onversoenbaar met die bepalinge van die Ooreenkoms, in sy geheel gelees, beskou kan word nie.

Die Komitee het egter ook bevind dat, ondanks die breë omvang van Suid-Afrika se tariefverpligtinge onder die AOTH en die besondere probleme wat hierdie verpligtinge vir die verlening van voldoende en doeltreffende tariefbeskerming aan plaaslike vervaardigers meebring, daar nog talle poste in die Suid-Afrikaanse doeanetarief is wat nie onder die AOTH gebind is nie en ten opsigte waarvan die Regering dus wel oor die nodige vryheid beskik om tariefbeskerming aan plaaslike nywerhede te verleen. 'n Hele aantal van hierdie ongebonde tariefposte het betrekking op goedereklasse waarvan die invoere nog steeds effektief onder invoerbeheer beperk word.

Die Komitee het aanbeveel dat plaaslike vervaardigers van hierdie goedereklasse wat verlang dat die Regering voldoende tariefbeskerming aan hulle sal verleen ter vervanging van die toevallige beskerming wat hulle tans nog onder invoerbeheer geniet, teen 15 Desember 1972 ten laatste gemotiveerde aansoeke om sodanige beskerming by die Raad van Handel en Nywerheid moet indien. As geen sodanige aansoeke om tariefbeskerming op daardie datum van plaaslike vervaardigers ontvang is nie, sal die betrokke goedereklasse van invoerbeheer vrygestel word.

Wat betref die probleme wat die Regering vanweë Suid-Afrika se AOTH-tariefverpligtinge ondervind om die verdere ekonomiese groei van die nywerheidssektor te bevorder, het die Komitee verskeie stappe aanbeveel wat die Regering na sy mening behoort te volg ten einde, waar nodig, effektiewe beskerming aan plaaslike nyweraars te verleen. Algemeen gesproke is hierdie stappe daarop gemik om die Regering in staat te stel om, sover dit prakties moontlik mag wees, sy beleid van selektiewe nywerheidsbeskerming doeltreffend deur te voer op 'n wyse wat nie met sy AOTH-verpligtinge sal bots nie. Terselfdertyd het die Komitee egter die moontlikheid voorsien dat selfs die allerbeste pogings van die Regering se kant om oplossings vir hierdie probleme te vind wat nie met sy AOTH-verpligtinge sal bots nie, moontlik nie mag slaag nie. En, in

daardie gevalle sal die Regering dan noodgedwonge ander maatreëls moet oorweeg ten einde effektiewe beskerming, waar nodig, aan plaaslike nyweraars te verleen.

Die Regering het die Komitee se aanbevelings in geheel aanvaar in die vaste vertroue dat hy sodoende vir altyd 'n einde sal maak aan al die bespiegeling en onsekerhede wat die aard en die omvang van Suid-Afrika se AOTH-tariefverpligtinge nog steeds by bestaande en voornemende nyweraars in die land gaande maak.

In besonder het die Regering die aanbeveling aanvaar dat 'n Staande Komitee, saamgestel uit hoofde van departemente en verteenwoordigers van die private sektor, benoem word om van tyd tot tyd die implementering van die Steyn-komitee se aanbevelings in oënskou te neem; om oor belangrike verwickelinge in verband met die toepassing van die AOTH te beraadslaag; en om verdere voorstelle in hierdie verband vir oorweging deur die Regering voor te lê.

Die Regering wil, met sy aanname van hierdie aanbevelings, dus 'n vaste versekering aan bestaande en voornemende nyweraars gee dat hulle daarop kan staatmaak dat, ondanks die bestaan van hierdie verpligtinge, die Regering voortaan die nodige stappe sal doen om aan hulle die mate van beskerming te verleen wat hy in die omstandighede van elke besondere geval as geregverdig beskou.