

The Estey

Journal of International Law and Trade Policy

Abstract

Great Leaps Forward and GATT Article XVIII

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GATT Article XVIII provides developing countries with a mechanism to ask to be released from some WTO obligations when embarking on major attempts at developing their economies. These include increasing tariff protection beyond *bound* tariff levels, imposing quantitative restrictions, particularly to assist in managing balance of payments difficulties, and the use of subsidies. The ability to avail oneself of Article XVIII provisions is not, however, free as countries must inform the WTO membership of their intent to use the provisions, respond to requests for consultations and possibly negotiate compensation in good faith. Since 1955 when Article XVIII was amended, the use of its provisions has been very limited – many developing countries may perceive the requirements too onerous. More prosperous developing countries, however, are planning major initiatives – *Great Leaps* – to developed status and have the wherewithal to meet the constraints on using Article XVIII. Subsidies are the likely policy. These countries perceive opportunities in the technological disequilibrium of the current global economy with new industries and technologies awaiting investment.

Keywords: disequilibrium, GATT Article XVIII, Great Leap, subsidies, WTO

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