

**NOTIFICATION IN PURSUANCE OF ARTICLE XVIII:C
AND THE 1979 DECISION ON "SAFEGUARD ACTION
FOR DEVELOPMENT PURPOSES"**

Communication by Malaysia

The following communication, dated 30 January 1995, has been received from the Permanent Mission of Malaysia.

I wish to submit herewith notification of the Government of Malaysia pursuant to Article XVIII:C of GATT 1994 and the 1979 Decision of Safeguard Action for Development Purposes.

In this connection, I request that this notification be circulated to all members of the World Trade Organization.

1. This notification is made in pursuance of Article XVIII:C of GATT 1994 read with the provision of the 1979 Decision on "Safeguard Action for Development Purposes" relating to government assistance for the promotion of domestic industry. The 1979 Decision provides that "... there may be unusual circumstances where delay in the application of measures which a less-developed contracting party wishes to introduce under Section A or Section C of Article XVIII may give rise to difficulties in the application of its programmes and policies of economic development for the aforesaid purposes... in such circumstances, the less-developed contracting party concerned may deviate from the provisions of... Section C, paragraphs 14, 15, 17 and 18 to the extent necessary for introducing the measures...".
2. With effect from 7 April 1994, the Malaysian Government introduced import licensing measures on the following products:
 - (i) polyethylene - HS: 3901 10 000 and HS: 3901 20 000
 - (ii) polypropylene - HS: 3902 10 300 and HS: 3902 30 000
3. The licensing mechanism is a temporary measure. The Government will review the measure at the end of two years.
4. The information about the measure was published in the Government Gazette dated 7 April 1994.
5. Under the licensing requirements for these products, an importer would have to obtain prior approval of the Ministry of International Trade and Industry before the products can be imported into the country. The measure is aimed at regulating the level of imports so as not to further materially injure the domestic industry and retard its development. The measure, however, does not constitute a prohibition of imports as licences are issued to bona fide importers.
6. The petrochemical industry is a nascent industry which would make full use of the resources from the petroleum industry, and thereby creating important linkages, forward and backward with other related industries. Further, the development of this industry is important for ensuring continuous and stable supply of raw materials for the large and significant domestic plastic industry.