

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP.6/SR.7/Corr.3
9 October 1951
ORIGINAL: ENGLISH

CONTRACTING PARTIES
Sixth Session

SUMMARY RECORD OF THE SEVENTH MEETING

Corrigendum

The United Kingdom delegation has submitted the following corrected rendering of the two interventions by Sir Hartley Shawcross, which they request be put in SR.7 to replace the two paragraphs on pages 1 to 2 and the first complete paragraph on page 3.

"SIR HARTLEY SHAWCROSS (United Kingdom), introducing the discussion, expressed his regret that the expectation of the United Kingdom Government at the time of the Fifth Session that a satisfactory solution to the complaints of contracting parties concerning the purchase tax system in the United Kingdom would be found before the Sixth Session had not been fulfilled. Developments had occurred in his country which had delayed a solution, so that he had felt obliged to come to the Sixth Session of the Contracting Parties in person in order to explain the situation on behalf of his Government. During the Fifth Session it had been stated on behalf of the United Kingdom Government that they were working on a solution to the general problem of extending the exemption from Purchase Tax enjoyed by domestically-produced utility goods to imported goods of the same types. The matter had then for some time been under examination by the United Kingdom Government Departments primarily concerned who, about the middle of the Torquay Session, had submitted to United Kingdom Ministers a report which made it clear that, though it had been technically feasible to make special ad hoc administrative arrangements to exempt certain imported utility-type goods from Purchase Tax, such methods could not be applied in general to all classes of goods in the utility production system. If such a measure were to be effected new legislation of considerable scope and complexity, as well as new administrative arrangements, would be necessary. However, the United Kingdom Government was anxious to meet the entirely reasonable requests of the other countries concerned, and in authorising the statement at the Fifth Session, it was their intention to introduce legislation to this end at as early a date as possible.

"More recently, however, certain considerations which had not previously been envisaged became apparent. It must be emphasised in this connection that the utility system was a major regulatory mechanism playing an important part in relation to price and wage levels, any adjustment to any part of which could only be undertaken with due regard to the way in which that part was geared into the mechanism as a whole.

There were a number of other, domestic, problems relating to the Purchase Tax and Utility system which had attracted much attention and criticism from United Kingdom trade and industry; and in April of this year the Federation of British Industries had submitted a report which concluded that the present system was having serious adverse effects on costs of production, on exports, and on design and craftsmanship. There was clearly a strong desire on the part of United Kingdom trade and industry for a thorough re-examination of the whole system; and the United Kingdom Government had concluded that it would be impracticable to deal with the import problem in isolation, and that a satisfactory long-term solution could only be found through a review of the Purchase Tax and Utility system in its entirety, i.e. including both discrimination against imports and the requests for improvements of the system from United Kingdom industry. The United Kingdom Government had therefore appointed an independent expert committee to examine the entire subject. Although this committee was already well on the way with its work, time would be needed before final conclusions could be reached and put into effect. In these circumstances, Sir Hartley had no alternative but to ask the Contracting Parties to show understanding of the difficulties involved, as they always had done towards Governments who needed time to overcome the problems of carrying through important and desirable new economic measures. The United Kingdom Government sincerely regretted that they had been unable to put the matter right as soon as they had originally hoped, and had the firm intention to abolish as early as possible next year the discrimination against imports arising from the present system."

o o o a a o o o

"SIR HARTLEY SHWCROSS (United Kingdom) replied that he could only repeat his Government's undertaking to try their best to resolve the situation during the early months of 1952. He was most grateful for the understanding shown by the Contracting Parties of the position in which his Government found itself, and would bear very much in mind the representations and comments which they had made. It should, however, be realised that it would be impracticable to impose a complete standstill on detailed amendments of the present system; there had been no general extension bringing new classes of goods within the scope of the utility scheme and of discrimination, and, though there had from time to time been detailed amendments in the actual specifications of classes of goods involved, as for example with cotton and rayon goods, which had widened the area of discrimination in certain respects, this had been offset by other instances, for example grey cloth, where detailed changes in the system had decreased the area of discrimination. These changes could not have been held up without dislocating the whole system; but the United Kingdom Government would certainly bear in mind the points very properly made in the debate about amendments of specifications and would have constant regard to the effect which such amendments might have on the area of discrimination."