

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Tenth Session

Page 57

SUMMARY RECORD OF THE SIXTH MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 2 November 1955 at 10 a.m.

Chairman: H.E. Mr. L. Dana WILGRISS (Canada)

- Subjects discussed:
1. 1956 Negotiations (continued)
 2. Rhodesia and Nyasaland Tariff and South Africa - Southern Rhodesia Customs Union
 3. Article XVIII releases - Ceylon
 4. Certificates of origin and marks of origin

1. 1956 Tariff Negotiations (continued) (L/408)

The CHAIRMAN proposed that the following statement be recorded as the agreement of the CONTRACTING PARTIES to meet the points raised in the previous Meeting by the Indian representative:

"The CONTRACTING PARTIES agree that the Tariff Negotiations Committee, in giving consideration to the application of Rule 11(a) of the rules and procedures, should pay due regard to the nature of the product. Thus, a level of duty which might be considered low in respect of a manufactured article, might well be judged to be high when applied to a raw material."

Mr. THORNTON (United Kingdom) asked for time to consider this formulation and stated that, while they agreed that the same rate might be low for one item and high for another, there were, nevertheless, many factors involved in evaluating the height of a tariff and his delegation was not clear that it was wise or necessary to concentrate only on the factor as to whether the product involved were a primary product or a manufactured good.

Mr. JHA (India) did not think the wording suggested by the Chairman gave any impression that it was intended to be an exhaustive enumeration of all the considerations connected with the issue nor that there was need for concern because equally relevant considerations were omitted. As to whether such an understanding were necessary, he pointed out that India and other exporters of primary commodities attached considerable importance to it.

It was agreed to revert to this matter at a later meeting.

2. Rhodesia-Nyasaland Tariff and South Africa-Southern Rhodesia Customs Union (continued) (L/345, 381, Add.1, 394, 426)

Mr. SWAMINATHAN (India) recognised that the integration of three separate tariffs into one was a complicated procedure where it could well be impossible to maintain previous positions in their old form and some variation would inevitably result. However, changes in the degree of preference had come about as a result of this integration and his delegation would wish to consider carefully whether trade would be substantially affected. They would wish, also as a matter of principle, to look carefully also at Article 14 of the Treaty with South Africa. The CONTRACTING PARTIES should be very scrupulous in their attitude toward the integration of a tariff and any technical deviations from the obligations of the Agreement which might result should be recognized.

Mr. WARWICK SMITH (Australia) said that the establishment of the Federation had necessitated adjustment of the 1941 Trade Agreement with Southern Rhodesia and review of the position respecting the 1942 Trade Agreement with the United Kingdom, insofar as it affected Northern Rhodesia and Nyasaland. As the documents showed, the adjustments made in the Australian tariff had resulted in one sense in an extension of the preferences previously accorded Southern Rhodesia; on the other hand the Northern Rhodesian preferences had been diminished. He was agreeable to any procedure for examining this question.

Mr. KASTOFT (Denmark) said that the direct commercial interest of his country was small, but they were concerned that new or increased preferences were proposed in the new tariff and, in view of this, could not give their full support to it. This was a clear breach of Article I and a contradiction of the no-new-preference rule. His delegation had been gratified to see that certain preferences were reduced but they would have preferred the new tariff to continue only such preferences as conformed to Article I and any change that was made to be in the direction of reductions.

Mr. MACHADO (Brazil) referred to the entrenched position of existing preferences which were protected by the unanimity rule relating to Part I of the Agreement. In the Review it had been impossible to alter any provisions of this section. He asked whether the Executive Secretary could give an opinion as to the relationship of the present proposals to Part I of the Agreement.

The EXECUTIVE SECRETARY stated that the legal issues had been studied by the secretariat and examined in a preliminary way with the Federation representative. At the Ninth Session it was suggested by the representatives of the Federation that the merger of the territories of Southern Rhodesia, Northern Rhodesia and Nyasaland into the Federation would not come within the provisions of Article XXIV but the representatives of the Federation agreed that the Federation in framing its tariff would have due regard to the principles of that Article.

The new tariff of the Federation included, in some cases, increases in the preferential margin that previously applied in one or more of the constituent territories. It also included instances of new preferences not previously applied in any of the constituent territories and some cases where existing preferences were now extended to cover a territory which had not previously granted the preference in question. These new preferences and increases in preferential margins on individual items should in some way be reconciled with the requirement in Article I against the increase of preferential margins. If Article XXIV was not applied to the case it would be necessary, there being no other provision of the Agreement applicable, to invoke the provisions of Article XXV:5(a) for this purpose.

The CHAIRMAN said that the discussion had shown general approval of the approach of the Federation in formulating its new tariff. A Working Party appeared to be necessary to consider the technical aspects and to examine the legal position.

The CONTRACTING PARTIES agreed to the establishment of a Working Party on the Rhodesia and Nyasaland Tariff with the following membership and terms of reference:

Chairman: Mr. Donne (France)

<u>Membership:</u>	Australia	Netherlands
	Brazil	Rhodesia and Nyasaland
	Denmark	Union of South Africa
	Germany	United Kingdom
	India	United States

Terms of reference:

To examine the new Federal Tariff, in relation to the report (L/293) adopted at the Ninth Session, and the new trade agreements with South Africa and Australia, and to report thereon to the CONTRACTING PARTIES.

3. Article XVIII releases - Request by Ceylon (SECRET/54)

The CHAIRMAN referred to the application by the Government of Ceylon for a release from the obligations of the Agreement in order to apply measures under the Industrial Products Act to certain products of ceramic ware. The statement submitted by the Ceylon Government (SECRET/54) contained answers to the standard questionnaire drawn up by the CONTRACTING PARTIES for the submission of applications under Article XVIII.

Mr. PERERA (Ceylon) stated that the application concerned only certain items of ceramic ware and in their view conformed to the intention of the CONTRACTING PARTIES when Article XVIII had been drafted even in its existing form. The Government of Ceylon had long been aware that deposits of kaolin existed which were the most suitable material for the making of ceramic ware. They had not been able to exploit these because of the inadequacy of trained

labour. That difficulty was now taken care of, and a modern factory had been established with an output of 400 tons of finished ceramic ware, mainly of the domestic crockery type. There were plans to expand the factory to 900 tons which would meet about half the domestic requirements. In order to attract consumers away from their accustomed purchases of imported ware it was necessary to restrict imports to such a level as would enable the local product to find a ready market. The imposition of a duty would only serve to increase the price to consumers. They proposed to restrict imports by resorting to the Industrial Products Act which had the appropriate machinery for this purpose. The period for which the release was requested was five years.

Mr. ABE (Japan) said that Japan was the principal supplier of the products in question. His delegation had declared at the last Session the importance they attached to problems of economic development particularly of Asian countries, and they made every effort to contribute to this even outside the scope of the GATT. Some points required clarification but his delegation would be glad to consider with sympathy the request by Ceylon.

The representatives of the United Kingdom, Pakistan, Canada, Germany, Czechoslovakia and Indonesia supported the examination of the proposal by a working party and expressed their sympathy with the request by Ceylon.

Mr. PHILIP (France) joined these other delegations and expressed interest in the methods used by Ceylon to encourage its economic development and thought they would be interesting to study in all their implications since they showed certain changes and innovations over the procedures used hitherto.

Mr. RAMASUBBAN (India) said that his Government had always felt that the complex and rigid procedures for prior approval of non-discriminatory protective methods should be reduced. In the case of the present request by Ceylon, it was clear that an increase in duty would be unlikely to deter the consumer from choosing the goods he had been used to in the past. If the existing price structure was to be maintained and the consumer to be introduced gradually to the domestic product some form of mixing regulation appeared necessary. Assistance to indigenous industries which faced consumer resistance could often only be effectively given in this way. He supported the Ceylon request.

Mr. MACHADO (Brazil) expressed his gratification for the understanding shown to this request for a release for economic development reasons. In their view, the greatest achievement of the GATT was to conciliate the interests of all the various types of economies.

Mr. FERREIRA (Ceylon) expressed his appreciation of the sympathetic understanding shown. They would be glad to co-operate fully with any Working Party that was established.

The CHAIRMAN said it was the general view that a Working Party should go into the matter thoroughly in accordance with the usual practice, and proposed the establishment of one which could deal with all applications under Article XVIII.

It was agreed to establish a Working Party with the following membership and terms of reference:

Chairman: Mr. Warwick Smith (Australia)

<u>Membership:</u>	Canada	India
	Ceylon	Japan
	Cuba	Netherlands
	Czechoslovakia	Pakistan
	France	United Kingdom
	Germany	United States
	Haiti	

Terms of reference:

To examine applications for release under Article XVIII and to submit recommendations to the CONTRACTING PARTIES.

4. Certificates of Origin - Marks of Origin

The CHAIRMAN referred to two resolutions of the International Chamber of Commerce which had been referred to the CONTRACTING PARTIES (L/430). The resolution on Certificates of Origin proposed an amendment to the recommendations adopted by the CONTRACTING PARTIES at their Eighth Session on the subject of "proof of origin" (2nd Suppl., page 57). The resolution on Marks of Origin proposed a set of "guiding principles" for national regulations requiring marks of origin on imported goods.

The CONTRACTING PARTIES agreed that these resolutions should be taken up along with Item 12(b), Nationality of Goods.

The meeting adjourned at 11 a.m.

