

RESTRICTED

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ORIGINAL: ENGLISH

GENERAL AGREEMENT ON TARIFFS AND TRADE
Contracting Parties
Second Session

Working Party 2 on Tariff Negotiations
Second Report to the Contracting Parties
The Request of the Government of Pakistan

1. At the seventh meeting on 20 August (GATT/CP.2/SR.7) the Contracting Parties referred to Working Party 2 the request of the Government of Pakistan for an opportunity to renegotiate six items contained in Schedule XV with the countries to whom the concessions had been initially negotiated by Pakistan and India in 1947, namely, China, Czechoslovakia, France and the United States (GATT/CP.2/1). This question has been examined by the Working Party with the assistance of the representatives of China, Czechoslovakia and Pakistan.
2. The representative of Pakistan explained that his Government had found it necessary to ask for renegotiation, as the effect of concessions exchanged at Geneva last year on the economy of Pakistan as a result of partition could not then have been appreciated. He stated that the return received by Pakistan in lieu of the concessions given was inadequate and it could not therefore be said that the concessions exchanged were on a mutually advantageous basis. Pakistan, he added, had taken the first available opportunity to bring this to the notice of the Contracting Parties.
3. In a paper presented to the Working Party (reproduced in the annex to this report) the representative of Pakistan proposed that permission should be granted for the withdrawal of the concessions on the six items in return for which the four countries with which the six items had been initially negotiated would be free to withdraw certain concessions granted by them. The representative of Pakistan explained that, regardless of the decision on their request for deletion of the six items from their Schedule, the items indicated by them in the second part on their paper should not be shown as items on which any concessions had been granted to Pakistan as these items were not produced in Pakistan and could not be exported therefrom. It was explained to the representative of Pakistan that it is not intended to publish any list showing the concessions "granted" to individual countries, since under the terms of Article II of the Agreement, concessions have been granted jointly to all Contracting Parties. The lists to be prepared under the penultimate paragraph of the Working Party's first report will only indicate the countries with which concessions were initially negotiated. These lists will, for accuracy of record, have to include both India and Pakistan against the items in question, since Pakistan, though it came into existence long after the negotiations had started at Geneva, accepted the negotiations which had been conducted by the Government of undivided India.

4. In response to this proposal, the representative of India stated that the concessions granted by China, Czechoslovakia, France and the United States, which Pakistan now suggested might be withdrawn, had been initially negotiated as much with India as with Pakistan, that the partition of the country had already changed to India's disadvantage the balance of the concessions exchanged in 1947, and that India will, therefore, not agree to any concessions at present received by her being reduced or withdrawn.

5. The representative of India stated further that India would have no objection to an arrangement between Pakistan and other contracting parties concerned which provided either for new concessions on one side or the other, while leaving the concessions granted in 1947 unaltered, or for the withdrawal of the six concessions proposed by Pakistan without compensation to the countries concerned. In this case the negotiations might be concluded in a short time, and, since only the reduction of tariffs would be involved, the consent of the Contracting Parties might be easily obtained. The representative of Pakistan stated that their instructions were to ask for the withdrawal of the six items for reasons already explained and it was not their intention to suggest that the countries concerned should necessarily raise tariffs on the items in which Pakistan was not interested.

6. The Working Party heard the views of the representatives of a number of countries. Czechoslovakia was prepared to start immediately in the hope of concluding an arrangement before the end of the Second Session. France, China and the United States, on the other hand, could not do more during the Second Session than hold preliminary talks. In the case of the United States, if the negotiations were to result in changes in the tariff, the usual procedures of giving public notice, etc. would have to be observed.

7. The members of the Working Party were unanimous in recognizing Pakistan's case as unique and in their desire to treat the request with sympathy. The Working Party did not consider it necessary to examine the question whether or not there was a lack of balance in the concessions effective between Pakistan and other countries or between India and other countries.

8. Accordingly the Working Party decided to recommend the following procedure:

Pakistan should enter into bilateral negotiations immediately or as soon as possible with the four governments with which the six items indicated by Pakistan were initially negotiated. If any other items, occurring in the Pakistan or other Schedules, are affected by the outcome of such bilateral negotiations, similar negotiations should take place with governments with which those items were initially negotiated. As soon as these negotiations are concluded, Pakistan should inform all contracting parties through the Secretariat of the results of their negotiations so as to enable a contracting party which is substantially interested

to take up the matter with Pakistan or with any other contracting party concerned. The results of the negotiations in the ensuing months should be reported to the Chairman of the Contracting Parties as early as possible, but not later than the opening of the Geneva meeting. The Chairman of the Contracting Parties should communicate the results of the negotiations to all the Contracting Parties and in case no objection is received by the Chairman within thirty days, he shall so notify all the Contracting Parties and the Contracting Parties concerned shall then be free to put the changes into effect.

ANNEX

PAKISTAN'S REQUEST FOR RE-NEGOTIATIONS

NOTE SUBMITTED BY PAKISTAN DELEGATION
FOR THE CONSIDERATION OF WORKING PARTY NO. 2

In pursuance of the decision of the Contracting Parties contained in Document No. GATT/CP.2/SR.7, dated 21st August 1948, the Pakistan Delegation suggest the following procedure for conducting re-negotiations on the following items with the countries mentioned against each.

	(Item 31(4))	Camphor	U.S.A.
	(Item 49(b))	Textile manufactures	China
	(Item 49(2))	Ribbons	France
	(Item 50(3))	Glass beads and false pearls	Czechoslovakia
A.	(Item 73(4))	Wireless receivers etc.	U.S.A.
	(Item 79)	Musical instruments and parts thereof and records for talking machines	U.S.A. France

1. These items in Pakistan's schedule No. XV of GATT may be deleted.
2. If 1 above is agreed to, Pakistan will be prepared to consider deletion by the countries concerned of one or more of the following items occurring in their schedules. These items have been selected because they are not produced in Pakistan and cannot therefore be exported therefrom.

PAKISTAN-CHINA

	(Chinese tariff item No. and brief description)
B	(527 Shellac and button lac
	(423 Leaf tobacco

PAKISTAN-CZECHOSLOVAKIA

	(Czech tariff item No. and brief description)
C	(174 Shellac
	(280 Coir mats and mattings
	(304 Raw rubber
	(394(b) Stone, slabs, etc.

PAKISTAN-FRANCE

	(French tariff No. and brief description)
D	(264 Mica blocks splittings and waste
	(264 Pulverised Mica
	(1033 g Coir mats and mattings

PAKISTAN-U.S.A.

(U.S.A. tariff item No. and brief description

- (58 Sandalwood oil
- (208(a) Unmanufactured Mica
- (208(c) Mica films and splittings
not cut or stamped
Net above 12/1000"
E thick over 12/000" thick
- (208(d) Mica films cut or stamped
- (208(g) Mica waste and scrap
- (761 Cashew nuts
- (764 Niger seeds
- (1022 Coir mattings and articles made
therefrom

As for the time of negotiations it is submitted that if the above proposals are agreed to, the changes can be given effect to immediately after the end of the Second Session of the Contracting Parties.