

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED  
LIMITED 0  
GATT/CP.5/25  
11 November 1950  
ORIGINAL: ENGLISH/  
FRENCH

CONTRACTING PARTIES  
Fifth Session

## INTERIM REPORT OF WORKING PARTY "A" ON ARTICLE XVIII

### Part I: The Measure Notified by Haiti

1. The Working Party, pursuant to its terms of reference and taking account of the discussions at the plenary meetings of the Contracting Parties, has examined the measure notified by the Government of Haiti. The Working Party had as the basis of its consideration the two supporting statements (GATT/CP/60 and Add.1), and texts of relevant Laws of Haiti (GATT/CP/60/Add.1 and GATT/CP.3/40), submitted by the Government of Haiti. In addition, certain supplementary information was offered by the representative of Haiti in the course of discussion.
2. The Working Party noted that the measure notified by Haiti established a monopoly by the State in the purchase, production and trading of tobacco, cigars and cigarettes. The range of goods to which the measure applies was indicated in Section (b) of the second statement in GATT/CP/60/Add.1.
3. After examination the Working Party was satisfied, and the Haitian representative agreed, that insofar as the Law establishing the Regie provided that the importation of tobacco, cigars and cigarettes should be subject to licences issued by a government authority and that licences should be issued at the discretion of that authority in the light of market requirements, there was an element of restriction in the measure which was contrary to the provisions of Article XI of the General Agreement. The representative of Haiti informed the Working Party that the operation of Article 17 of the Law did not conflict with the provisions of the General Agreement. Therefore, the Working Party directed its attention to the licensing requirements provided in Article 20 of the Law establishing the Regie.
4. In considering the eligibility of this measure for consideration under Article XVIII, the Working Party was satisfied that:
  - (a) the measure was in force on 14 May 1949 and notification had been given to the Contracting Parties in accordance with the relevant provisions of paragraph 11 as modified by the Annex Protocol of Terms of Accession and the Resolution of 21 March 1950,
  - (b) the measure was of a non-discriminatory nature,
  - (c) Haiti had not assumed an obligation under Article II of the Agreement in respect of any of the products to which the measure related, and
  - (d) the purpose of the measure was the development of a branch of agriculture, namely the production of raw tobacco.

The Working Party considered, on the basis of this information, that the measure was eligible for consideration under Article XVIII.

5. The Working Party then proceeded to examine the substance of the measure in relation to the criteria set down in Article XVIII.

6. The Manning Table included in the budget estimates (Detailed Schedules - Annex B) has been rearranged in view of the fact that the Secretariat will work exclusively for the Contracting Parties. The Staff emoluments have been computed on the basis of present U.N. salaries and allowances. If the U.N. General Assembly adopts a new salary scale, it will be desirable to introduce the same system for the Secretariat. It is suggested that the Executive Secretary should be authorized to adopt the changes approved by the General Assembly, if he is satisfied that these changes are appropriate to the circumstances of the Contracting Parties. Such changes would involve an increase of about \$8,000 in the item "Established Posts" and about \$1,000 in the item "Contributions to the Staff Benefit Fund"; the saving resulting from the discontinuance of the expatriation allowance contemplated by U.N. when the new salary scheme is introduced will offset the major part of these increases. The authority which it is proposed to give to the Executive Secretary under paragraphs 3 and 4 of the Draft Budget resolution will enable him to find the necessary resources to give effect to these changes.

6. In the course of the interim audit of ICITO and GATT accounts effected by the U.N. Inspection Service, the question of the continuance of the present arrangement by which the GATT moneys are held by U.N. and the ICITO and GATT accounts are held by the U.N. Finance Office at Geneva has been examined. That examination has led to the conclusion that, as a balance, it would be preferable for the Secretariat to keep its own accounts and to set up a separate Finance Office. The draft budget is based on the assumption that this change would be made in the course of 1951. In this connection it would be advisable that the Executive Secretary be instructed to continue to be guided by U.N. Financial and Staff Regulations, in so far as these Regulations meet the requirements of the Secretariat, and to maintain with the concurrence of the Secretary-General of the United Nations the present arrangements with the Inspection Service for the auditing of GATT accounts.

7. As regards the payment of 1951 contributions, it is proposed that they should be paid in U.S. dollars, but that the Contracting Parties should be free to pay their contributions in Swiss francs at the prevailing rate of exchange, in accordance with the practice of the United Nations. These contributions should be remitted to the Executive Secretary of the ICITO, Geneva, for the account of the Contracting Parties and not, as hitherto, to the Finance Officer of the European Office of the United Nations. The current contributions for 1951 should be sent as early as possible in 1951 and, in any case, not later than April 30, 1951. The additional contributions to the Working Capital Fund would be assessed after the necessary adjustments had been effected on the basis of the audited accounts for 1950. These additional contributions should be sent to the Executive Secretary before July 31, 1951.

8. A draft budget resolution, (Annex A(3)), embodying the budget appropriations and a draft resolution (Annex A(4)), relating to the Working Capital Fund, are submitted to the Contracting Parties for consideration and approval.

Contracting Parties in advance of that time under Article XVIII. The application would then be considered under the provisions of paragraphs 7 and 8 of that Article. At that time, when considering the measures the Contracting Parties would have regard to all relevant facts.

