

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/383

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DISCRIMINATION IN TRANSPORT INSURANCE

Note by the Executive Secretary

1. The Executive Secretary's report on discrimination in transport insurance (L/303), which was submitted to the CONTRACTING PARTIES at the Ninth Session, analyzed information supplied by governments and gathered from other sources. The report concluded that the evidence, though sufficient to justify the CONTRACTING PARTIES pursuing the matter, was not sufficiently conclusive to warrant action such as the drafting of an international convention or an amendment of the Agreement. The CONTRACTING PARTIES agreed to retain this item on the agenda for the Tenth Session and governments were invited to examine the effects of such discrimination on their trade so as to form an opinion as to the kind of international action that might be required. It was suggested that governments might wish to consult the commercial interests in their countries so as to prepare for a fruitful discussion at the Tenth Session.
2. It would be helpful if governments would submit their views and suggestions by mid-September, so that they will be available when the Intersessional Committee meets to review the documentation for the items on the Tenth Session Agenda.
3. The International Chamber of Commerce has submitted for the information of contracting parties a resolution on this subject adopted at its Congress in Tokyo in May 1955. The resolution reads as follows:

"Since it is quite clear that international trade requires transport, which itself must be backed by insurance, and since insurance is as a rule based on confidence, which by definition excludes any form of constraint, the International Chamber of Commerce once again expresses its anxiety at the measures adopted by certain governments with a view to compelling their nationals or those dealing with the latter, to insure on their national market.

"Apart from being illusory, since confidence cannot be obtained under compulsion, such measures impede trade or lead to double insurance, which is included in the price finally paid by the consumer in the country which thought it was thereby protecting itself. Furthermore, they complicate, or totally eliminate, the possibility of performing commercial transactions en route.

"The ICC, which has emphasized these dangers, welcomes the fact that the United Nations, and now the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), have turned their attention to this problem.

"Nevertheless, the ICC notes with concern that these discriminatory practices still occur, and has felt it its duty to bring to the notice of the United Nations a certain number of recently reported cases, which have been examined by its General Transport Commission, and to re-emphasize the dangers of such measures.

"The ICC considers that importers and exporters should, in a healthy international economy, not only freely fix their conditions of purchase or sale, but also freely choose the insurers and the market with which they wish to insure.

"In order to bring together data showing the damage caused to international trade by such measures, the ICC has undertaken an inquiry, the results of which it proposes to submit to the United Nations and to GATT at a later date."

