

GENERAL AGREEMENT ON TARIFFS AND TRADE

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DISCRIMINATION IN TRANSPORT INSURANCE

Addendum

Memorandum by the Swedish Delegation

1. It does not seem possible at present to measure in quantitative terms the difficulties caused by discrimination in transport insurance. However, it is clear that such difficulties do arise to an extent that is disturbing. The material presented by the International Chamber of Commerce, the International Union of Marine Insurance and other agencies mentioned in document L/303 shows in an objective and realistic manner the effects of this discrimination on international trade. The material referred to should therefore in the view of the Swedish delegation be given the most careful attention.
2. As far as Sweden is concerned, it may be established that discrimination in transport insurance has had the following unfavourable effects:
 - (a) The Swedish marine insurance business has lost part of its market because Swedish exporters have been forced to change their terms of delivery from c.i.f. to f.o.b.
 - (b) It has proved to be of considerable disadvantage to Swedish exporters not being able to choose terms of delivery and insurance with regard to the circumstances prevailing in each specific case.
 - (c) Insurance rates are higher on protected markets than on the free international markets. This increases the cost of exports going to the protected markets.
 - (d) The fact that exporters have to insure goods on markets which they do not know and which are sometimes financially weak, results in a feeling of insecurity. Therefore, subsidiary insurance is often obtained which further increases costs.
 - (e) The settlement of damages becomes more complicated and perilous. Even if the receiver bears the transport risks and is thus legally obliged to effect payment also in cases where the goods do not reach him, the exporter will actually be greatly dependent on the willingness and capacity of the foreign insurance companies to comply with their obligations, as well as on the attitude of the exchange authorities in the importing country with regard to the transfer of payment.