

RESTRICTED

GENERAL AGREEMENT ON TARIFFS AND TRADE

L/2010
31 May 1963

Limited Distribution

Original: English/French

WORKING PARTY ON AFRICAN COMMON MARKET

Information on Ghana-Upper Volta Trade Agreement

The Working Party on African Common Market decided at its first meeting on 12 November 1962(L/1926), in accordance with the customary procedure, to invite contracting parties to address to the secretariat questions on the Ghana-Upper Volta Trade Agreement of 28 June 1961. The questions and the replies thereto, received from the Government of Ghana, have been consolidated by the secretariat and are contained in this document.

ARTICLE 1

Question 1

If the African Common Market should not constitute a customs union, would Upper Volta be entitled, under paragraph (c), to claim the benefits Ghana accorded to trade of members of the African Common Market?

Answer

In fact, according to the provisions of the Ghana/Upper Volta Trade Agreement, Upper Volta receives advantages which go beyond the advantages received by member countries of the African Common Market. To all intents and purposes therefore, the benefits of the African Common Market are at present enjoyed by Upper Volta.

ARTICLE 2

Question 2

How will the two parties "support and facilitate" the mutual exchange of goods? In particular, are measures envisaged going beyond the removal of tariffs and quantitative restrictions?

Answer

Measures envisaged in order to support and facilitate the mutual exchange of goods between Ghana and Upper Volta go beyond the removal of tariffs and quantitative restrictions. These measures include the refund of duties collected by Ghana on

foreign products re-exported from Ghana to the Upper Volta, the granting of loans by the Ghana Government to the Government of Upper Volta, and the extension of revolving credit facilities amounting to £500,000 by each government to the other with a fixed interest rate of 2.5 per cent.

Question 3

With regard to Schedules "A" and "B", could the parties to the Agreement provide a table showing the trade in the goods listed and the relationship of this trade to total trade between the two parties?

Answer

See appendix.

Question 4

If the object is to free trade between the two parties, what purpose is intended to be served by the term "within the scope of their internal laws and regulations"?

Answer

The drafters of the Agreement meant by the term "within the scope of their internal laws and regulations" that the operation of the Agreement would have to be done with due regard to internal laws and regulations of each contracting party with respect to (a) import/export licences, (b) purchase tax, (c) excise duty, (d) regulations on approved routes for trade between the two countries, and (e) laws, rules and regulations on firearms, ammunition, petroleum products, poisonous drugs, cinematographic films and other products which from time to time might be prescribed by the government.

Question 5

Having regard to paragraph 2, is it intended, where a member State maintains import restrictions for balance-of-payments purposes, to remove import restrictions on imports from the other member State prior to their removal on imports from other GATT contracting parties or will these other contracting parties be assured of non-discriminatory treatment?

Answer

In the removal of import restrictions previously maintained by a contracting party, efforts will be made in order to ensure non-discrimination against that contracting parties to the GATT.

ARTICLE 3

Question 6

What is meant by "the contracts within the scope of the agreement"?

Answer

Contracts concluded within the scope of the Agreement are those contracts for delivery of goods by firms which are permitted by law to do business either in Ghana or in Upper Volta. Such contracts, if they are to come under the provisions of this Agreement, would have to state in the body of the contract that they are being concluded under the provisions of the Ghana/Upper Volta Trade Agreement.

Question 7

Reference is made to bodies authorized to conduct foreign trade. To what extent is foreign trade under State control or conducted by governmental agencies? What is the scope of foreign trading activities of the Upper Volta Foreign Trade Corporation?

Answer

Bodies authorized to conduct foreign trade are largely expatriate firms registered in Ghana for this purpose. The percentage of foreign trade activity which is under State control amounts to less than 5 per cent of the total volume of foreign import trade. This trade is done by the Ghana National Trading Corporation which is a government statutory body organized in November 1960 to take over the assets of the former Commonwealth Trust Limited and the former A.G. Leventis (Ghana) Limited.

Question 8

In regard to contracts, what preferential treatment will be given by the State-trading bodies to purchases of goods from the partner country?

Answer

With regard to contracts, no preferential treatment is given by the State-trading bodies to purchase of goods from the partner country. The determining factors are that quality and price must be competitive.

ARTICLE 5

Question 9

What is the significance of the word "should" in the light of the customary uses as elsewhere in the Agreement of the word "shall"?

Answer

The use of the word "shall" conforms with English legal usage which implies that the action envisaged is legally binding on the contracting parties. It means that it is imperative for the contracting parties to perform the actions prescribed or otherwise face a penalty. The word "should" is used throughout this Agreement in its ordinary English usage.

Question 10

Is it intended that tariffs and other trade restrictions will be eliminated on substantially all trade between the two parties? If so, and in the light of the stipulation that trade "should be subject to any conditions imposed by the competent authority", what assurance is given by the Agreement that this free-trade objective will be achieved?

Answer

The whole Agreement is full assurance that trade between the two contracting parties would be conducted with the least obstacles, but, of course, this cannot be done without due regard being paid to any conditions imposed by the competent authorities of the two contracting parties. The conditions, meant in this case, refer to rules and regulations which have to be adhered to with respect to the trade in certain products e.g. rules and regulations on the import, storage and sale of inflammable petroleum products, and any restrictions which may be imposed for political reasons on goods originating from certain countries e.g. South Africa.

Question 11

Has any specific time-table been set for abolition of duties or does this Article provide free entry immediately?

Answer

The abolition of duties was done on the day that the Trade Agreement came into force.

Question 12

What definition of country of origin will be used by the member States?

Answer

Goods will be deemed to originate either from Ghana or Upper Volta if they are produced wholly in either Ghana or Upper Volta or if the undetermined origin of the value which has been used at any stage of the production of the goods do not exceed 50 per cent of the export price of the goods.

Question 13

In view of the fact that all trade of local origin will enter each territory duty free, what is the need for Article 4 providing for free entry of samples?

Answer

In Article 4 the operative word is "charges". It is agreed that since all trade of local origin will enter each territory duty free, there is no need to put in a specific provision providing for the entry of samples duty free.

ARTICLE 6

Question 14

How is the provision calling for export restrictions to be reconciled with the GATT provisions on export restrictions (in particular, GATT Article XI)?

Question 15

What is the reason for the second paragraph of this Article and how is the provision on export restrictions on trade between the two parties to be reconciled with the GATT conditions (Article XXIV) that the movement of goods within a customs union of free-trade area be free from tariffs and other restrictions?

Answer to Questions 14 and 15

The provision calling for export restrictions is necessary because of the provision for the refund of duties on foreign products re-exported from Ghana to the Upper Volta. It should be noted that the refund of duties is calculated on the value of the products at the Ghana/Upper Volta customs boundary. This means, in effect, that the refund of duty made by the Ghana Government to the Upper Volta Government bears no relation to the actual duty collected by the Ghana Government, since the value of the products at the Ghana/Upper Volta customs barrier includes the transport charges within Ghana, the profit of the importing

firm, the importer's selling expenses, Ghana customs duties and harbour charges and other overheads of the importer. In order to ensure that the benefits which the Ghana Government is extending to the Upper Volta Government should remain within Upper Volta it has been necessary for the provision on re-exports of foreign products to be incorporated in the Agreement.

Question 16

Have the member States been applying the major Articles of this Agreement since August 1962? If so, how far have they succeeded in resolving the problems arising from the arrangements whereby Ghana reimburses Upper Volta for duties on goods re-exported to Upper Volta?

Answer

Since August 1962, the provisions of the Agreement have been carried out fully and the reimbursement of duties collected in Ghana had been done on a half-yearly basis.

ARTICLE 7

Question 17

What is meant by "goods delivered under this Agreement"? What methods will be used to regulate prices?

Answer

The clause "goods delivered under this Agreement" refers to the delivery of goods which have been specifically stated to come under the Agreement between Ghana and Upper Volta. Prices are not regulated by either Ghana Government or the Upper Volta Government, but every effort is made to bring the prices as close to the invoiced value plus the reasonable transport and other charges which normally are borne by traders in such transactions.

Question 18

Does this envisage exchange of goods below costs of production?

The answer to this question is in the negative.

ARTICLE 11

Question 19

What "contract and transactions" are concluded under the Agreement?

Answer

The contracts and transactions concluded under this Agreement embraces trade in all kinds of exportable products.

GENERAL

Question 20

According to the statement made by the representative of Ghana at the meeting of the Balance-of-Payments Committee of May 1962, the Agreement in question is understood to aim at establishing a free-trade area between the two countries concerned.

What is the reason, however, that there are no relevant provisions in the Agreement with regard to the establishment of a free-trade area in the terms of Article XXIV of GATT?

Answer

It is the intention of the two parties to review progress of the Agreement from year to year with a view to giving permanence to it. Consequently certain requisite provisions which may be absent in the Treaty in its present form would eventually be added in subsidiary protocols.

APPENDIX

A. Imports from Upper Volta into Ghana January-December 1961

Total imports £G.3,345,633

Imports of Items in Schedule "B"

| <u>Commodity</u> | <u>Value £G.</u> | <u>Percentage of total imports</u> |
|------------------|------------------|------------------------------------|
| Fish | 134,406 | 4.02 |
| Meat | - | - |
| Rice | 21 | - |
| Cotton etc. | 130,562 | 3.90 |
| Livestock | 3,080,644 | 92.08 |
| Edible oil | - | - |
| | <u>3,345,633</u> | <u>100.00</u> |

B. Imports from Upper Volta into Ghana January-August 1962

Total imports £G.2,298,129

| <u>Commodity</u> | <u>Value £G.</u> | <u>Percentage of total imports</u> |
|------------------|------------------|------------------------------------|
| Fish | 237,873 | 10.35 |
| Meat | 120 | 0.01 |
| Rice | - | - |
| Cotton etc. | 394,508 | 17.16 |
| Livestock | 1,665,628 | 72.48 |
| Edible oil | - | - |
| | <u>2,298,129</u> | <u>100.00</u> |

C. Exports from Ghana to Upper Volta from January-December 1961

Total exports £G. 1,437,096

Exports of Items in Schedule "A" January-December 1961

| <u>Commodity</u> | <u>Value £G.</u> | <u>Percentage of total exports</u> |
|---|------------------|------------------------------------|
| Cement | 7,537 | 0.53 |
| Timber | 39,832 | 2.77 |
| Textiles | 547,989 | 38.13 |
| Flour | 3,787 | .27 |
| Sugar and molasses etc. | 42,137 | 2.94 |
| Iron rods | 12,809 | .89 |
| Aluminium sheets and other building materials | 8,626 | 0.60 |
| Matches | 156 | 0.01 |
| Fruits | 3,090 | 0.21 |
| Palm products | 12 | - |
| Provisions | 45,691 | 3.17 |
| Alcohol, spirits and other beverages | 3,043 | .21 |
| Cocoa and its by-products | 36 | - |
| Mineral waters | 1,246 | 0.09 |
| Coffee | 619 | .04 |
| Other agricultural or industrial products and handicrafts | 702,287 | 48.87 |
| Soap | 18,203 | 1.27 |
| | <u>1,437,096</u> | <u>100.00</u> |

D. Exports to Upper Volta for January-August 1962

Total exports £G.1,606,258

Exports of Items in Schedule "A" January-August 1962

| <u>Commodity</u> | <u>Value £G.</u> | <u>Percentage of total exports</u> |
|---|------------------|------------------------------------|
| Cement | 23,844 | 1.48 |
| Timber | 22,233 | 1.38 |
| Textiles | 494,512 | 30.79 |
| Flour | 4,787 | 0.30 |
| Sugar and molasses etc. | 1,870 | 0.12 |
| Iron rods | 3,276 | 0.20 |
| Aluminium sheets and other building materials | 16,172 | 1.01 |
| Matches | 38 | - |
| Fruits | 5,404 | 0.34 |
| Palm products | 3 | - |
| Provisions | 29,377 | 1.83 |
| Alcohol, spirits and other beverages | 1,518 | 0.09 |
| Cocoa and its by-products | 9 | - |
| Mineral waters | 2,380 | 0.15 |
| Coffee | 321 | 0.02 |
| Other agricultural or industrial products and handicrafts | 975,047 | 60.70 |
| Soap | 25,467 | 1.59 |
| | <u>1,606,258</u> | <u>100.00</u> |