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GENERAL AGREEMENT ON TARIFFS AND TRADE  
Contracting Parties  
Second Session

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

Paragraph 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 granted 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.

Paragraph 2 (as proposed in Secretariat draft)

The representative of Pakistan explained that the request of his Government had been put forward because of the economic consequences of partition. It had been found that some of the concessions granted by India and Pakistan had been more costly to Pakistan than was foreseen at the time of the negotiations and also some of the concessions obtained from other countries were of less value to Pakistan than had been anticipated. Consequently, the Government of Pakistan sought an opportunity to redress the balance of the concessions exchanged in 1947.

Paragraph 2 (as proposed by the Representative of Pakistan)

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 new 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.

Paragraph 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, quite regardless of the decision on their request for deletion of the six items from their Schedule, the items indicated by them 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 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.

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. The representative of Pakistan stated that the question whether the balance of concessions exchanged jointly with India and Pakistan had changed to India's or Pakistan's disadvantage required proper assessment of the position, and he was therefore not prepared without such assessment to accept the proposition that the balance had changed to India's disadvantage.

The representative of India stated 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 on which Pakistan was not interested.

Paragraph 4

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. Benelux, as well as India, was substantially interested in the Pakistan proposals and would wish to participate in the negotiations.

Paragraph 5

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 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.

Paragraph 6 (as proposed in the Secretariat draft)

Accordingly, the Working Party decided to recommend the following procedure:

1. The representatives of Pakistan should begin bilateral talks immediately with representatives of the four governments with which the six items had been initially negotiated and should endeavour, before the end of the Second Session, to reach a preliminary understanding on the adjustment to be made.
2. Any preliminary conclusions reached before the end of the Second Session should be made known to

the contracting parties so that other governments which found that they were interested could request an opportunity to participate in the latter negotiations.

3. The result of the bilateral negotiations in the ensuing months should be reported to the contracting parties at the opening of the Geneva meeting for examination and approval.

Paragraph 6 (as proposed by the Representative of India)

1. Pakistan should enter into bilateral negotiations immediately 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 any adjustment that may be proposed, similar negotiations should take place with governments with which those items were initially negotiated. An attempt should be made before the end of the Second Session to reach at least a preliminary understanding in regard to the adjustment to be made.
2. The above procedure is without prejudice to the right of any other contracting party which may be substantially affected to seek adjustment. The results of the negotiations under (1) above should, therefore, be communicated, through the Secretariat, to the other contracting parties.
3. The approval of the Contracting Parties should be sought at the next session to any modifications in the Schedules that may be agreed upon.

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

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

PAKISTAN - FRANCE

- D. (French tariff No. and brief description
- ( 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"  
thick over 12/000" thick
  - E. ( 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.