

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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INDIA - RENEGOTIATION OF SCHEDULE XII

Draft Decision

A request by the Government of India for a waiver from its obligations under Article II of the General Agreement has been circulated in document L/3809. The following draft decision is circulated in order to facilitate the consideration by the Council of the request by the Government of India.

Considering that the Government of India has notified the CONTRACTING PARTIES that it has decided, as a measure of simplification and modernization of the tariff structure, to change over to the Brussels Tariff Nomenclature and that the Bill for its adoption is expected to be introduced in the Indian Parliament in its February - May 1973 Session;

Considering that, side by side with the steps that are being taken for the adoption of the new nomenclature, the Government of India has been making attempts towards rationalization of the tariff structure, to reflect adequately the progress made by the country in the economic and industrial fields and the changes in the pattern of India's trade;

Considering that some of the further steps that may be undertaken for rationalization of the tariff may involve adjustments of a certain number of duties bound in Schedule XII;

Noting that the Government of India has given notice pursuant to paragraph 5 of Article XXVIII reserving its right to modify Schedule XII during the period 1 January 1973 - 31 December 1975;

Considering that the Government of India has explained that its decision to adopt the BTN as early as possible has added to the urgency of accelerating the process of rationalization and it may not be possible to postpone further steps in this direction till negotiations can be conducted and completed.

The CONTRACTING PARTIES acting pursuant to the provisions of Article XXV:5 of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956.

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Decide, in view of the exceptional circumstances, to suspend the application of the provisions of Article II of the General Agreement to the extent necessary to enable the Government of India to apply the rates of duty resulting from the rationalization of its Tariff which may exceed those bound in Schedule XII, pending completion of negotiations for the modification or withdrawal of concessions in that Schedule, subject to the following conditions:

1. The Government of India will notify the CONTRACTING PARTIES, immediately after their application the modifications in the rates of duty on items bound in Schedule XII;
2. The Government of India will as promptly as possible enter into negotiations or consultations with interested contracting parties pursuant to paragraphs 1 to 3 of article XXVIII. These negotiations or consultations shall be related to the concessions to be offered by the Government of India as compensation for the modifications and withdrawals of concessions at present specified in Schedule XII, and to any requests made by interested contracting parties for other or additional compensation with a view to reaching a satisfactory adjustment consistent with the requirements of paragraph 2 of article XXVIII.
3. Part IV of the General Agreement, including Article XXXVI:8, is applicable to the negotiations between India and the contracting parties which have accepted the Protocol amending the General Agreement on Tariffs and Trade to introduce a Part IV on Trade and Development; and other contracting parties, negotiating with India, likewise accept the principle enunciated in Article XXXVI:8 as applicable to the negotiations.
4. The negotiations or consultations mentioned above shall be completed not later than 31 December 1974.
5. Pending the entry into force of the results of the negotiations or consultations mentioned above, the other contracting parties will be free to suspend concessions initially negotiated with India to the extent that they consider that adequate compensation, bearing in mind the provisions of paragraph 3 of this Decision, is not offered within a reasonable time by the Government of India (subject to the right of any third contracting party having a principal supplying interest or a substantial interest therein to withdraw substantially equivalent concessions initially negotiated with such other contracting parties).
6. Except as may be otherwise provided in this Decision, the negotiations or consultations mentioned above shall be conducted in conformity with the relevant provisions of Article XXVIII.