

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP.6/27
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ORIGINAL:ENGLISH

CONTRACTING PARTIES
Sixth Session

ITEM 22: SOUTH AFRICA-SOUTHERN RHODESIA CUSTOMS UNION

Note by the Executive Secretary

1. The Interim Agreement for the re-establishment of a customs union between the Union of South Africa and Southern Rhodesia, which entered into force on 1 April 1949, was examined by the Contracting Parties at their Third Session and was approved by the Declaration of 18 May 1949. In that Declaration the two governments undertake -

- a) to furnish copies of the annual reports of the Customs Union Council;
- b) to submit, by 1 July 1952, a report on the progress achieved towards the elimination of tariffs and restrictions on trade between their territories and towards the application of a uniform tariff to imports from other contracting parties;
- c) to submit, by 1 July 1954, a definite plan and schedule for the completion of the union, and
- d) to complete the union not later than 1 April 1959.

2. According to the definition in paragraph 8 (a) of Article XXIV of the General Agreement, a customs union means "the substitution of a single customs territory for two or more customs territories", so that

- (i) duties and other restrictive regulations are eliminated on substantially all the trade between their territories, or at least on substantially all the trade in products originating in their territories; and
- (ii) substantially the same duties and other regulations are applied by each country to the trade of countries not included in the union.

3. The First Annual Report of the Customs Union Council was examined at the First Session (GATT/CP.5/SR.2) and the Second Report, dated 7 May 1951, was distributed to contracting parties with document GATT/CP/121 on 18th July. The situation in respect of tariffs and restrictive regulations and the recommendations submitted to the two governments by the Customs Union Council are summarized in the following paragraphs:

Elimination of Duties and Restrictions on Trade between the two Countries

4. The Interim Agreement lays down the principle that goods grown, produced or manufactured in either country are to be admitted free of customs duty into the territory of the other (Article 5), but certain exceptions are provided:

- a) Duties are maintained by South Africa on imports of cigarettes, tobacco and vegetable oils from Southern Rhodesia (Article 6 and Annex B).
- b) Duties are maintained by Southern Rhodesia on imports of a fairly extensive range of manufactured articles from South Africa (Article 7 and Annex C). (These duties may be increased to stipulated higher rates in order to promote the development of certain secondary industries into Southern Rhodesia.)
- c) The maintenance of a few export duties is authorized (Article 9).
- d) The maintenance of quantitative restrictions on certain products is authorized, and the application of other restrictions by either country is envisaged in certain circumstances (Articles 10 to 12 and Annex D).

5. In the Interim Agreement the two governments undertake to make a joint study of "the measures necessary for the elimination of all tariffs and regulations restrictive of commerce between their two countries" (Article 3), and to continue negotiations "with the object of achieving the free flow of trade envisaged in this Agreement" (Article 8).

6. The Second Report comments on the maintenance of duties as provided in the Annexes to the Interim Agreement. With reference to cigarettes and tobacco, the Report states that "the policy of protection prevailing in both countries is deep-rooted and there seems little prospect that the two governments will be able, at this early stage in the life of the Agreement, to agree on the removal of the duties". As for the maintenance of duties by Southern Rhodesia on the products of South African secondary industries, it is reported that some of the duties on articles of clothing have been suspended, but for the rest the Report states that "sufficient time has not elapsed yet for the Council to be in a position to determine whether or not it should recommend the elimination of any item or items". The Council is investigating this question and is endeavouring to obtain relevant statistics. The Report goes on: "The lapse of some time is unavoidable before one can tell how the operation of the Agreement has worked out in the case of each industry affected", but the

Council undertakes, in its programme of work for the year April 1951 to March 1952, to investigate the need of the Rhodesian industries for protection.

Application of a uniform Tariff to Imports from other Countries

7. The Interim Agreement lays down the principle that the two governments will seek agreement on progressive adjustments of their most-favoured-nation rates with a view to securing uniformity (Article 13). The Agreement itself introduced no changes in the tariffs, but the Customs Union Council considered that its first task should be to assist the governments to establish a uniform nomenclature and rates of duty. Upon investigation the Council concluded that an immediate realignment was not practicable.

8. Each tariff is composed of about 330 items. During the first two years the Council submitted recommendations to the two governments for the adjustment of rates and nomenclature on more than 200 items. On 78 of the remainder, difficulty arises through the existence of small tariff preferences granted by Southern Rhodesia to the United Kingdom and other Commonwealth countries, and the Council has recommended that negotiations concerning these preferences should be undertaken with the countries concerned. The other items present greater difficulties of alignment. In its programme of work for the third year, April 1951 to March 1952, the Council states that it intends to give further assistance to the governments on the question of establishing uniform tariffs.

Reports to be received in 1952

9. The Declaration of the Contracting Parties of 18 May 1949 requested the two governments to instruct the Customs Union Council "to include in each annual report a definite plan and schedule of the steps to be taken during the ensuing twelve months towards the re-establishment of the union". The reports of the Council include a statement of the plans of the Council itself, but these do not commit the governments. Not later than July 1952, however, the two governments themselves will submit a report "on the progress achieved towards the elimination of tariffs and other restrictive regulations of commerce between their territories and towards the application of the same tariffs and other regulations of commerce to the trade of the territories of other contracting parties". Therefore, it may be expected that, on the next occasion when the progress of the customs union is reviewed, the Contracting Parties will have before them, besides the third report of the Council, a report from the governments on the progress achieved in the three years since the Interim Agreement entered into force.