

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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EXISTING MANDATORY LEGISLATION

Information received from Governments

The following replies have been received from governments concerning their existing mandatory legislation in response to the request of the CONTRACTING PARTIES that information on this subject should be supplied, as far as possible, before 15 January.

Ceylon, Finland, Japan and Pakistan have replied that there exists no mandatory legislation which requires their Governments to take action inconsistent with the provisions of Part II. (Pakistan indicates that this information is the result of a preliminary examination).

Australia replies that, as a result of a preliminary examination, "except in a few minor cases relating to discrimination in internal taxation", it has no mandatory legislation requiring action inconsistent with the provisions of the Agreement.

The Danish and United Kingdom replies are reproduced below.

NOTE BY THE DANISH DELEGATION

The following is a reply to the question concerning existing mandatory legislation which might create difficulties in relation to Denmark's obligations under the General Agreement on Tariffs and Trade, assuming that the Agreement enters into force definitively under Article XXVI.

1. Pursuant to paragraph 12 in Article XVIII the Danish Government notified to the CONTRACTING PARTIES in August 1950 the legislation in Denmark concerning the trade in sugar and potato-starch; a more detailed explanation of the measures taken in this field was submitted at the same time. Without giving any particulars the Danish legislation on spirits and yeast was also brought to the attention of the CONTRACTING PARTIES, according to the above-mentioned provisions although the Danish Government was and still is of the opinion that the measures in force in Denmark for spirits and yeast were covered by the provisions for exceptions in the Agreement.

The Danish notifications were considered by the CONTRACTING PARTIES at their Fifth Session but no decision was passed in the matter, as the import restrictions in force pursuant to the above-mentioned legislation on the said products were maintained also by balance-of-payments reasons and therefore covered by the provisions in Article XII (Document GATT/CP.5/25). Reference is made to the details submitted to the CONTRACTING PARTIES in August 1950.

2. Imported articles of paper and cardboard are taxed at the rate of 30 øre per kilogramme. Articles manufactured of paper and cardboard in Denmark are taxed through the tax levied on paper and cardboard used in the manufacturing process. The tax levied on paper and cardboard in plates, rolls and sheets, both imported and manufactured in Denmark, is 30 øre per kilogramme for paper (weighing up to 250 grammes per m<sup>2</sup> and 2 øre per kilogramme for cardboard (weighing more than 250 grammes per m<sup>2</sup>).

3. Liquor manufactured in Denmark is subject, inter alia, to a tax of 30 kroner per litre of 100 per cent strength, measured by Tralle's alcoholmeter.

The corresponding tax levied on imported liquor where the alcohol content is readily measurable is 15 kroner per litre of up to 50 per cent strength according to Tralle's alcoholmeter; for liquor imported in strengths exceeding 50 per cent the tax will be calculated after conversion of the volume to 50 per cent strength.

When the alcohol content of imported liquor cannot be determined accurately by means of Tralle's alcoholmeter, the tax is calculated as for liquor of 60 per cent strength. If the alcohol content is obviously greater, the strength is determined by distillation and the tax is levied on the resulting higher strength.

The tax levied on alcohol-containing extracts and essences is 30 kroner per litre.

#### NOTE BY THE UNITED KINGDOM DELEGATION

##### The Dyestuffs (Import Regulation) Acts, 1920 to 1934

Certain requirements of the Dyestuffs (Import Regulation) Act 1920, as amended by the Dyestuffs (Import Regulation) Act 1934, conflict with the provisions of the General Agreement which prohibit the imposition of quantitative import restrictions except for balance-of-payments reasons. The relevant sections of the Act\* read as follows:-

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\* The Dyestuffs (Import Regulation) Act, 1920 (10 and 11 Geo. 5c77) as amended by the Dyestuffs (Import Regulation) Act, 1934 (24 and 25 Geo. 5c6).

"1 - (1) with a view to the safeguarding of the dyo-making industry, the importation into the United Kingdom of the following goods, that is to say,

- (a) synthetic organic dyestuffs (including pigment dyestuffs), whether soluble or insoluble;
- (b) compounds, preparations and articles manufactured from any such dyestuffs, except any such compounds, preparations and articles as are not suitable for use in dyeing; and
- (c) organic intermediate products used in the manufacture of any such dyestuffs,

shall be prohibited.

2 - (1) The Board of Trade have power by licence to authorize, either generally or in any particular case, the importation of any of the goods, or any class or description of the goods, prohibited to be imported by virtue of this Act".

The Act also contains provisions which conflict with Article XIII of the General Agreement on Tariffs and Trade relating to the non-discriminatory application of import restrictions, insofar as the Board of Trade are required to issue an import licence automatically whenever the Advisory Committee, set up under the Act to recommend the issue of licences, is satisfied that the goods in question were wholly produced in Her Majesty's dominions. The relevant passage in the Act is as follows:

"2 - (4) If on an application for a licence under this section the Committee are satisfied that the goods to which the application relates are goods wholly produced or manufactured in Her Majesty's dominions, a licence shall be granted in accordance with the application".

With the enactment of the Import, Export and Customs Powers (Defence) Act, 1939, Her Majesty's Government secured powers to control all imports and, for administrative reasons, the Dyestuffs Acts were suspended\*. When the emergency powers conferred by the 1939 Act are terminated, however, the Dyestuffs Acts will automatically, in the absence of new legislative provisions, come back into operation.

The Dyestuffs Act did not lay down criteria to guide the Board of Trade in the issue of licences for foreign dyestuffs but the Advisory Committee, referred to above, adopted, until the suspension of the Act, the general policy of recommending the issue of licences only where:

- (a) no equivalent home produced material or comparable quality was available, or,
- (b) the price of the equivalent United Kingdom material was unreasonably high.

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\* Under the Import of Goods (Prohibition) (No. 1) Order 1939 and Import of Goods (Control) (Amendment) Order, 1954.

With the suspension of the Act, the Statutory Advisory Committee ceased to function, but Her Majesty's Government have adopted broadly the same criteria in regard to the issue of import licences, except that in the post-war period balance-of-payments considerations have also been taken into account.

Since import restriction has been the statutory method of protection for the United Kingdom industry, imports of synthetic organic dyestuffs for use as such and of certain named organic intermediate products are, with a very few exceptions, free of import duty and other intermediates are subject to duty at only 10 per cent general ad valorem.

