

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
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INDONESIA - RENEGOTIATION OF SCHEDULE XXI

1. This report is made in accordance with the Decision of 10 April 1961, which requires the Government of Indonesia to report to the CONTRACTING PARTIES at their autumn session in 1961.
2. On 24 August 1960 the Indonesian Government took monetary measures to simplify the tariff system aimed at stabilizing the economy of the country. According to these new measures there would be no more statistical fees, good fees and import tax. As a result all imports to Indonesia are subject only to import duties.
3. According to Article II of GATT, Indonesia actually should not change the duties bound in Schedule XXI before obtaining the agreement of the CONTRACTING PARTIES under the procedures of Article XXVIII. However, owing to several reasons, such as security problems, the Indonesian Government was not in the position to act in consonance with this Article.
4. The Indonesian Government then took the opportunity to use Article XXV, paragraph 5, of GATT to obtain a waiver from Article II in order to negotiate under Article XXVIII the changes made to Schedule XXI following the tariff reform.
5. The waiver was requested by the Indonesian delegation in November 1960 during the seventeenth session (L/1361). The deliberations of the Council from 22 February to 3 March 1961 resulted in the Decision of 10 April 1961 (document L/1444) adopted by the CONTRACTING PARTIES by postal ballot, twenty-two in favour and none against. (Ref. GATT/AIR/223; C/M/4 and draft Decision of 16 June 1961, documents C/W/22 and C/W/22/Rev.1).
6. In the light of the above-mentioned Decisions the Indonesian Government submitted a communication contained in document L/1449 in which the contracting parties wishing to claim principal supplying interests or substantial interests were invited to enter into negotiations under the terms and procedures of Article XXVIII, paragraphs 1 - 3.
7. As a result fourteen nations accepted the invitation and used the opportunity to negotiate with the Indonesian delegation. Those countries were the following: Australia, Austria, Canada, Denmark, Finland, Italy, Japan, Norway, South Africa, Sweden, Switzerland, United Kingdom, United States and West Germany.

8. Before the negotiations the Indonesian delegation submitted a memorandum contained in document TN 60/W.18, Appendixes I and II. The memorandum explained and compared the new tariff system and the former one. Generally, according to the new regulations, the revenue collected is lower than under the former regulations. This is primarily due to the simplification of the tariff system by which the statistical fees, good fees and import tax are abolished.
9. Consequently, in the opinion of the Indonesian Government, the new regulations would not adversely affect the trade interests of the contracting parties vis-à-vis Indonesia.
10. Therefore, in the opinion of the Indonesian Government, Indonesia was not and is not in the position to grant concessions to the contracting parties. In view of this the Indonesian Government sincerely hopes that the modifications of Schedule XXI will be accepted by the contracting parties without requesting compensation.
11. In June 1961 the Indonesian delegation conducted bilateral negotiations with the fourteen nations mentioned in paragraph 7.
12. In the negotiations the Indonesian delegation repeated its explanation set forth in the memorandum (TN 60/W.18) and also gave a more detailed explanation by comparing commodity-by-commodity calculations on the import duties collected before and after the tariff reform. The Indonesian delegation answered every question in the field of finance, monetary and trade put forward by the delegations.
13. All the delegations expressed their satisfaction with the negotiations, but they could not state their definite position before consulting their respective governments and expressed their willingness to continue the renegotiations in September 1961.
14. Following the talks with the fourteen nations the Indonesian delegation sent a letter to each of them, dated 14-16 June 1961, formally asking their governments' position on the modification of Schedule XXI - Indonesia.
15. The Indonesian letter also said that Indonesia would appreciate if the agreements could be given before the Indonesian participation in the Dillon Round. This would be helpful for the Indonesian delegation.
16. Up to the date of submission of this report there has been no continuation of negotiations. However, it is gratifying for the Indonesian Government to find that two countries have no objections to the modifications of Schedule XXI - Indonesia. Those countries were Switzerland (oral statement) and South Africa (written statement). And then by a letter dated 28 August 1961 No. 13.068-A/61, through its permanent mission Austria communicated to the Indonesian delegation that the consultations were considered "as concluded in a satisfactory manner".
17. It is the sincere hope of the Indonesian delegation that the rest will also follow the example of the two countries mentioned above.

