

GENERAL AGREEMENT ON
TARIFFS AND TRADE

L/3831
21 March 1973
Limited Distribution

INDIA - RENEGOTIATION OF SCHEDULE XII

Decision of 16 March 1973¹

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 XVIII 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 XV:5 of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956.

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:

¹The Decision was adopted by postal ballot. There were 48 votes in favour and none against.

1. Modifications in the rates of duty bound in Schedule XII may be introduced by the Government of India during a period not to exceed four months from the date of this Decision.
2. The Government of India will as promptly as possible and in any case not later than six months after the modifications are made 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 30 June 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.