

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Ninth Session

Working Party II on Tariffs, Schedules
and Customs Administration

NOTES ON PROPOSALS FOR AMENDMENTS REJECTED BY WORKING PARTY II OR REFERRED TO OTHER WORKING PARTIES¹

Article I

1. The representative of Brazil proposed that all preferences should be abolished, i.e. that paragraphs 2 and 4 of Article I should be deleted. This proposal was opposed by several delegations and, since an amendment of Article I requires unanimity, the representative of Brazil withdrew his proposal.

2. The representatives of the Scandinavian countries proposed (W.9/53) the insertion of an interpretative note providing that the most-favoured-nation clause should not be frustrated by the use of tariff rates which vary inversely with price changes. As it was learned that investigations on this problem were being undertaken by the only government at present known to apply the type of measure which had induced the Scandinavian governments to request the interpretation, and that, accordingly, considering the unanimity rule, no final agreement could be expected at this time, the Scandinavian representatives withdrew their proposal, reserving their right to bring the matter before the CONTRACTING PARTIES at a later date.

Article II

3. The Brazilian representative explained his proposal (W.9/118) regarding the transposition of bound specific rates into ad valorem rates. In his view, such changes, if they took place in the course of a tariff reform, should be possible at any time without the necessity of obtaining permission from the CONTRACTING PARTIES, and it should not be necessary for a country transposing its bound rates to grant additional concessions unless the ad valorem rates provide less favourable "treatment" for imported goods. In his view the words "treatment no less favourable" in Article II:1(a) should be interpreted as requiring the same percentage reduction; that is,

¹ Notes on other proposals rejected by Working Party II appear in the reports by Sub-Group B and the Technical Group on Customs Administration (W.9/193 and W.9/155)

if a specific duty had been reduced in negotiations from 200 dollars to 100 dollars per unit, the country transposing its tariff should have no obligation under Article II:1(a) beyond ensuring that the new ad valorem duty was not greater than one half of the incidence of the former specific duty at the time it was negotiated.

In considering this proposal the Working Party took account of the report of the Working Party on Schedules (L/294) which found that "there is no provision in the present Agreement which authorizes a contracting party to alter the structure of bound rates of duty from a specific to an ad valorem basis" and considered that a contracting party wishing to convert bound specific to ad valorem duties should either have recourse to Article XXVIII or apply to the CONTRACTING PARTIES for authority to renegotiate the items affected. The majority of the Working Party held the view that the word "treatment" in Article II:1(a) is to be construed as meaning the bound rate of duty and that this rate cannot be modified or converted to a different basis except through the provisions in the Agreement for the renegotiation of concessions.

Articles V, VI and VII

4. The Scandinavian delegations suggested the insertion of provisions whereby the proposed organization would be given authority, on the lines of provisions of the Havana Charter, to undertake studies and to make recommendations pertinent to the subject matter of these three articles. These proposals were referred to Working Party IV to be considered in connection with the functions of the organization. Working Party IV reported that the draft article on the functions of the organization was sufficiently broad to authorize the organization to undertake such studies.

Article VI

5. The proposals relating to Article VI, which are summarized in W.9/46 and also the proposals by the United Kingdom (W.9/68) and Czechoslovakia (W.9/86/Rev.1) were referred to Working Party III.

Article VII

6. The proposal by the Scandinavian delegations to amend paragraph 4 so as to allow a variation of 1 per cent from a currency's par value in the conversion rate of exchange was withdrawn as it was felt unnecessary, this practice being in full accordance with the rules of the International Monetary Fund.

Article VIII

7. The Scandinavian and German delegations proposed that contracting parties should be required to abolish consular invoices and consular visas by 31 December 1956. This proposal was opposed by several dele-

gations, and was withdrawn.

8. The secretariat proposal that the recommendations adopted by the CONTRACTING PARTIES on consular formalities and on documentary requirements might be incorporated in Article VIII was rejected.

Article IX

9. The German delegation proposed that the CONTRACTING PARTIES should recognize that commercial samples (within the meaning of Articles II and III of the Samples Convention) should be exempt from marking requirements. This proposal was rejected, but the German delegation suggests that this question should be taken up by the CONTRACTING PARTIES in connection with the study of the subject of marks of origin as recommended by the Working Party on the Samples Convention (BISD 1st Supplement, page 99).

Article X

10. The secretariat suggested that the Standard Practices on the Administration of Import and Export Restrictions and Exchange Controls, which were adopted by the CONTRACTING PARTIES in 1950 might be incorporated in this Article or in an Annex. This was rejected.

11. The secretariat proposals that contracting parties should furnish to the secretariat copies of their laws and regulations pertaining to rates of duty and trade restrictions and of agreements between governments or governmental agencies affecting international trade policy and also copies of their published trade statistics were referred to Working Party IV. It is understood that the "functions" article submitted to Working Party IV adequately provides for the collection of statistics and other information relating to international trade and commercial policy.

Article XXVII

12. The German delegation proposed an amendment to the second sentence to require a contracting party taking action under this Article to enter into negotiations on compensatory adjustments with substantially interested contracting parties. This was discussed by the Working Party but in view of differences of opinion the proposal was withdrawn.

Additional Provisions

13. The German proposal on the compilation and publication of trade statistics (L/261/Add.1, page 17) was referred to Working Party IV. The German delegation suggests that this question should be studied on some future occasion by the CONTRACTING PARTIES.

14. The German proposal to insert a new article "to ensure exemption from customs duties, taxes and other charges for goods imported or exported under a temporary duty-free admission procedure" (L/261/Add.1, page 38) was considered. The Working Party agreed that this proposal should be referred to the future organization for consideration.

15. A German proposal to adopt the draft definition of origin, which was submitted to the CONTRACTING PARTIES following the Eighth Session, was withdrawn in the light of the results of the studies undertaken by the Technical Group on Customs Administration (W.9/155).

16. Following the rejection by the Technical Group on Customs Administration of a proposal to include in the Agreement a new article relating to the accessibility of official information on customs matters, the German representative proposed (W.9/168) the insertion of a paragraph in Article VIII requiring contracting parties to designate official services which would furnish, upon request, information on tariff rates, on other duties and charges on imports and exports and on the classification of goods. He believed there was much unpublished information which could be made available upon request to importers and exporters. Some delegations supported this proposal. Others were of the opinion that most countries had offices from which such information could be obtained and that to include an obligation in the Agreement was unnecessary. It was therefore left for the CONTRACTING PARTIES to elaborate, on some future occasion, recommendations to governments on this question.