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GENERAL AGREEMENT ON TARIFFS AND TRADE
Eighth Session of the Contracting Parties

Contracting Parties grant United Kingdom request
for a Waiver of Obligations under Article I

The Contracting Parties took a Decision this afternoon on the request of the United Kingdom government for facilities, consistent with the objectives of the General Agreement, to relieve them of the need, under the rules of Article I regarding tariff preferences, to impose duties on duty-free goods from the Commonwealth as and when they may have occasion in the future to increase the unbound duties on foreign goods. In asking for these facilities, the United Kingdom made it clear that it was not their intention to use them for the purpose of diverting trade away from foreign to Commonwealth countries.

The text of the Decision is as follows:

"The Contracting Parties decide that the provisions of paragraph 4(b) of Article I shall not be so applied that, when the government of the United Kingdom impose or increase a most-favoured-nation rate of protective duty in respect of a given class or description of goods for which they have not as of this date negotiated tariff concessions, they shall be required to impose a duty on goods of that class or description when imported from any of the territories listed in Annex A to the General Agreement; provided that the incidental establishment or increase of a margin of preference is not likely to lead to a substantial increase of imports of goods of that class or description from the aforesaid territories at the expense of imports from other sources; and provided further that protective duty has at no time since 1 January 1939 been chargeable in respect of that class or description of goods when imported into the United Kingdom from the aforesaid territories;

Declare that, in deciding as aforesaid, it is not their intention to impede the attainment of the objectives of Article I of the General Agreement and that in no circumstances shall the present Decision be construed as impairing the principles of that Article."

The Contracting Parties have at the same time approved procedures for consultation and, where necessary, arbitration as to whether particular tariff and preference changes would be within the terms of the Decision.

The effect of the Decision is to enable the United Kingdom to increase unbound duties without being obliged at the same time to impose duties on Commonwealth goods; but this is subject to two conditions:

(1) If the effect of not putting a duty on the Commonwealth goods would be to cause substantial diversion of trade from foreign to Commonwealth suppliers, the increase of preference would in fact frustrate the objectives of Article I of the Agreement and the Decision would then not apply in this case.
(ii) The Decision applies only in respect of goods which have traditionally enjoyed duty-free entry into the United Kingdom when imported from the Commonwealth. If Commonwealth goods are already charged with protective duty, then this duty must be increased in step with the duty on foreign goods.

The purpose of the procedures is to provide for the United Kingdom to clear particular cases with interested countries as quickly as possible, and for any disputes as to whether a particular case fulfils the necessary conditions to be brought to arbitration with the minimum of delay.