GENERAL AGREEMENT ON TARIFTS AND TRADE
Sixth Session of the Contracting Parties

United Kingdom Purchase Tax

In accordance with agenda item 13, the Contracting Parties heard a report by the United Kingdom on action taken to amend that part of the Utility System which had come to have in practice the effect of affording protection to domestic industries, inconsistently with the provisions of Article III of the Agreement. (See Guidance on the Agenda, GATT/35, page 5).

Sir Hartley Shawcross, Leader of the United Kingdom delegation, said that he, as a Minister, had made a point of attending the Session to explain that, as a result of unforeseen developments since Torquay, the U.K. government had not yet been able to implement the undertaking it had given to remove the existing discrimination against imported goods without further delay. After referring to the social and economic importance of the utility goods system and its complexity, Sir Hartley said that since Torquay it had become evident that there was a demand for a general review of the whole Purchase Tax and Utility system, looking towards a thorough overhaul of its mechanism as well as the problem of discrimination against imports. A committee to undertake this task had been appointed and was already meeting, he said. But the committee could not finish its work nor could H.M. Government decide on the action to be taken in consequence before sometime in the early months of 1952. He assured the Contracting Parties of the anxiety of the U.K. government to deal satisfactorily with this problem and asked for a further period of grace.

The delegates of Canada, the Netherlands and France - countries whose exports to the United Kingdom are, as they pointed out, particularly affected by the element of discrimination - said they regretted very much the necessity of further delay on the part of the United Kingdom and stressed the need for resolving the problem as quickly as possible. On the other hand they accepted the assurances given by the United Kingdom. These delegates also referred to certain extensions of the area of discrimination against imports which had resulted from recent changes in Utility Specifications. Sir Hartley Shawcross replied that it was quite true that such changes - which had necessarily to be made from time to time if the Utility schemes were to fulfill their purpose - had in some cases involved a certain limited extension in the "area of discrimination" against imports, e.g. the Utility specifications for cotton and rayon goods had been made more flexible, in other cases, e.g. that of grey cloth, revised specifications had somewhat reduced the area of discrimination. The United Kingdom Government would certainly bear in mind, in considering any future amendments of specifications, the point which had been made by the other speakers.

The Contracting Parties took note of the statement of the U.K. delegate and agreed to maintain the item on the agenda of the Seventh Session.