AD HOC COMMITTEE ON AGENDA AND INTERSESSIONAL BUSINESS

PAKISTAN LICENCE FEE AND DUTY ON EXPORTS OF JUTE

(Communication dated 3 February 1953 from the Delegate for Pakistan)

"I have the honour to attach herewith copies of correspondence which took place between the Governments of Pakistan and India since the conclusion of the Seventh Session to date relating to the Indian complaints against certain measures taken by the Government of Pakistan concerning exports of raw jute. I am to request that copies of this letter together with its enclosures may kindly be circulated to the members of the Intersessional Committee for their information in order to enable them to deal with the Indian request that the substance of the Indian complaints against Pakistan be taken up immediately, at the present session of the Intersessional Committee.

"In view of the fact that this correspondence relates to current matters pending between the two Governments I am to request that these documents be classified as strictly restricted."

Copy of letter dated 27 November 1952 from the Government of Pakistan to the Government of India.

"The Government of Pakistan, Ministry of Foreign Affairs and Commonwealth Relations, have the honour to refer to the Indian High Commissioner's Memo No. C-16(1) IHC-52 of 3 October 1952 and to state as follows:

"The Government of Pakistan do not accept the view that the measures taken by them to maximise the exports of raw jute are discriminatory as stated. The measures were taken with the sole intention of encouraging the exports of raw jute, which is one of our main exportable commodities, to the greatest possible extent. This became particularly necessary because intake of our raw jute by India has been going down progressively, as statistics of exports since partition would clearly show. It would be appreciated that in the circumstances, the Government of Pakistan are fully justified in taking all measures which they consider essential for maintaining and expanding exports of their raw jute."
"The Government of Pakistan understand that the Indian Delegation to the Seventh Session of the CONTRACTING PARTIES stated that large imports of jute from Pakistan are essential for the economy of India. Moreover, the Chairman of the CONTRACTING PARTIES informed our delegation that the Government of India are desirous of coming to a mutually satisfactory arrangement in respect of certain trade matters outstanding between the two Governments.

"The Government of Pakistan are desirous of expanding trade and promoting friendly trade relations with India and, to this end, would be very glad to discuss any proposals which the Government of India may wish to make for long term arrangements for the import of raw jute by India which, while assuring maximum exports, would be satisfactory to both parties."

Letter dated 23 January 1953 from Mr. Bhoothalingam, Commerce Secretary, Government of India, to Mr. Karamatullah, Commerce Secretary, Government of Pakistan.

(Subject to correction of any mutilations in telegraphic transmission)

"During the discussions we had in London in December, 1952, I suggested to you that our respective Governments should immediately accept the unofficial suggestion made by the Chairman of the Panel on Complaints of GATT. I also told you simultaneously that if Pakistan suspends the special levies on the export of raw jute from Pakistan to India about which we had complained to GATT we would be willing to reduce price of jute to Pakistan Government to a level equal to the lowest price charged to any other buyer outside India. You expressed the view that this action should be taken as part of a long-term agreement between the two countries on wider questions such as the production of jute in both countries. I explained to you that it would not be possible for Government of India to commence negotiations of this character so long the subject matter of our present complaint to GATT remains unsettled. I indicated however that immediately after the settlement of this question on the lines suggested unofficially by GATT we would be willing to start discussions on wider aspects. You had agreed to convey to me reactions of your Government and I have been expecting to hear from you. As you know this matter has been subject of official communications between the two Governments. The reason why I am writing personally to you is that both of us have been anxious right from the beginning to arrive at arrangements satisfactory to both Governments. We had discussed the matter threadbare in Delhi during trade talks on October 8 last year and in London, and I feel that you should now be in a position to give us a quick answer to which we have officially made to accept unofficial
compromise suggested by GATT. Since Intersessional Committee of GATT is due to meet early in February I hope that I shall hear from you as soon as possible so that we can consider the question of withdrawing our complaint from GATT."

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Telegram dated 29 January 1953 from Mr. Karamatullah, Commerce Secretary, Government of Pakistan, to Mr. Bhoopathalingam, Commerce Secretary, Government of India.

(Subject to correction of any mutilations in telegraphic transmission)

"Your letter of January 23 regarding jute in which you refer to discussions held in London. You will recall that these discussions were initiated by the India Finance Minister who discussed with our Commerce Minister the possibility of linking the off-take of jute with that of coal in a long-term trade agreement. Later when I discussed this question with you in London I raised the point of India increasing her off-take of jute from Pakistan under the proposed agreement as India's policy since partition has been to reduce her off-take of jute from Pakistan in an attempt to achieve self sufficiency in jute production. It was not a question of bringing the production of jute in either country within the purview of this agreement. It was however the understanding that proposal of Chairman of Panel on Complaints would be considered together with long-term agreements.

"Our understanding of proposal of Chairman of Panel on Complaints is that you on your part would remove the surcharge which you are at present levying on coal exported to Pakistan thereby selling coal to us at a price equal to lowest price charged to any other buyer outside India and we would on our part remove the licensing fee on export of raw jute thereby bringing export price paid by India importers to a level equal to the lowest price charged to any other buyer outside Pakistan.

"We wrote to you officially on November 27 expressing our desire [based coming] to an agreement on the matters raised by Indian Delegation at the time of Seventh Session of GATT including certain proposals received from the Chairman of CONTRACTING PARTIES.

"Your reply to our communication has been received so late that it is not possible from us to send any instructions to our delegation to Intersessional Committee of GATT without further clarifying proposal made by Chairman of Panel and I would therefore suggest a meeting between the representatives of two Governments to discuss this issue at an early date. We prefer also to discuss the issue of a long-term agreement at the same meeting.

"The subject matter of your complaint under GATT was not (repeat not) discussed during trade talks at Delhi referred to in your letter."