The following communication, dated 14 June 1967, has been received from the Government of Malawi.

1. During the course of 1965 the Government of Malawi commenced a review of the whole of its customs and excise legislation including the customs tariff. As a result of this review a new customs tariff was introduced in Malawi on 1 January 1967. A single advance copy of this new tariff was sent to the secretariat on 28 December 1966, and I now attach twenty copies of the new tariff for use by interested contracting parties.

2. Contracting parties will be aware that, on the dissolution of the former Federation of Rhodesia and Nyasaland, Malawi continued to operate the pre-existing Federal legislation in this field, which was modified, adapted and amended from time to time to meet the particular needs of Malawi.

3. Malawi became a contracting party to the GATT in its own right after becoming independent on 6 July 1964. In doing so it accepted the rights and obligations of the former Federation in terms of the General Agreement. Included in these rights and obligations were Schedule XVI, setting out the tariff bindings applicable to imports into the Federation.

4. After the Malawi Government assumed full responsibility in this field, it became apparent that the mere modification and amendment of the previous Federal legislation in the field of tariffs and trade would not be sufficient. The economy of Malawi is much less developed than that of the former Federation as a whole; in particular the industrial sector is much smaller and less sophisticated, and foreign exchange earnings depend heavily on the export of a limited range of primary commodities. Consequently, fundamental changes were needed to bring about arrangements suitable to the particular needs of Malawi. The fundamental changes required clearly included the introduction of a completely new customs tariff and the renegotiation of a number of trade agreements which had been continued after the dissolution of the Federation. It was also desired to set out the new customs tariff in terms of the Brussels Nomenclature. To achieve what was needed was a major task and assistance was sought from various sources, including the Economic Commission for Africa and your own secretariat. At the same time the task undertaken had to be completed as quickly as possible in order that the new tariff, for practical reasons, would come into force on 1 January 1967, the start of the financial year.

1Available from the secretariat upon request (telephone 34.60.11, ext. 4489).
5. In the event, and with valuable assistance from Dr. Liebich of your secretariat and Mr. Allen of the Economic Commission for Africa, it was possible to meet this dead-line. But the printing was only completed a few days before the operative date and, therefore, to the great regret of this Government, it was not possible to present the new tariff in advance to the CONTRACTING PARTIES.

6. The commodity structure of the new tariff based on the Brussels Nomenclature is completely different from that of the previous tariff. In consequence, there was no possibility, even had this been desirable, of directly transposing rates of duty from the old to the new tariff. To have done so would have involved the production of a tariff of quite excessive detail and complexity, whereas the present circumstances of Malawi require a tariff as simple as possible. For this reason, too, the column structure of the new Malawi tariff has been considerably simplified as compared with the previous Federal tariff, and opportunity has been taken to eliminate special rates of duty under bilateral trade agreements. Under the new tariff one or other of the columns of the tariff, or duty-free entry in certain cases, will apply to all Malawi's trading partners.

7. One of the purposes of the new tariff was to apply a simple and more rational rating structure for revenue purposes. Many of the rates in the tariff taken over from the former Federation were not at all appropriate to Malawi's economic circumstances and the number of different groups of rates was far too large for practical administration in a small, developing country.

8. As a consequence of the change-over to the Brussels Nomenclature, the adoption of a rating structure suited to Malawi's needs, and the simplification of the column structure of the tariff, it has been found unavoidable that there should be certain increases in rates of duty over those bound in Schedule XVI, and there have also been certain increases, as well as reductions, in margins of preference. In the latter respect, however, the Government of Malawi is quite satisfied that preference levels have not been increased on balance.

9. Naturally, as is customary in such cases, contracting parties will wish to examine the new Malawi customs tariff. Individual contracting parties concerned will also wish to renegotiate in respect of the few contractual bindings which have been exceeded. The Government of Malawi is anxious to co-operate to the full in this respect. On the other hand, all previous experience indicates that the introduction of a completely new tariff structure inevitably gives rise to the need for a number of subsequent adjustments, a need which becomes apparent only in the course of a reasonable period of operation of the new tariff.

10. The examination of the tariff by contracting parties and the renegotiation of Malawi's Schedule are exercises which the Government of Malawi, and interested contracting parties, will naturally wish to be on a definitive basis. It is proposed, therefore, if contracting parties agree, to postpone these processes for a reasonable period, to permit the necessary "settling down" adjustments arising from practical experience first to be undertaken.
11. I would therefore be grateful if you would transmit the text of this letter to contracting parties, drawing their attention particularly to the proposal by this Government that the examination of the new Malawi Customs Tariff and re-negotiation of Schedule XVI be deferred until a convenient time, not sooner than the first plenary session of CONTRACTING PARTIES in 1968, and to the request that the relevant provisions of the General Agreement be waived in the meantime.