AGREEMENT RELATING PRINCIPALLY TO CHEMICALS,
SUPPLEMENTARY TO THE GENEVA (1967) PROTOCOL

The Agreement Relating Principally to Chemicals, Supplementary to the Geneva (1967) Protocol was opened for acceptance on 30 June. The text of the Agreement is attached hereto, together with a list of the appendices.
AGREEMENT RELATING PRINCIPALLY TO CHEMICALS,
SUPPLEMENTARY TO THE GENEVA (1967) PROTOCOL
TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments of the Kingdom of Belgium (hereinafter referred to as Belgium), the French Republic (hereinafter referred to as France), the Italian Republic (hereinafter referred to as Italy), the Swiss Confederation (hereinafter referred to as Switzerland), the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the United Kingdom), the United States of America (hereinafter referred to as the United States), and the European Economic Community,

BEING DESIROUS of exchanging further tariff and other concessions under the General Agreement on Tariffs and Trade (hereinafter referred to as the General Agreement) additional to those under the Geneva (1967) Protocol to the General Agreement (hereinafter referred to as the Protocol), principally with respect to chemicals,

HAVE, through their representatives, agreed as follows:

Part I - General

Article 1 - Conditions of Entry into Force

(a) Elimination of American Selling Price system. In order that the United States may obtain the benefits of the tariff concessions on chemicals and other articles and the concessions on non-tariff barriers, provided for in Parts III, IV and V of this Agreement, additional to the concessions it will obtain under the Protocol, the President of the United States undertakes to use his best efforts to obtain promptly such legislation as is necessary to enable the United States to eliminate the American Selling Price system of valuation, as provided in Part II of this Agreement, and to give effect to the other provisions of that Part.

(b) Entry into force. This Agreement shall enter into force for all the parties hereto on the first day of the first calendar quarter which is at least thirty days after the day on which the United States has notified the Director-General of the General Agreement, in writing, that such legislation has been enacted. Provided, that this Agreement shall enter into force no earlier than the day on which Schedule IX to the Protocol becomes a Schedule to the General Agreement, nor any later than 1 January 1969, unless otherwise agreed by all the parties hereto.
Part II - United States

Sub-Part A - Chemicals

Article 2 - Elimination of American Selling Price System

(a) **Explanation.** This Article provides for the elimination of the American Selling Price system of valuation (see Sections 402(e) and 402a(g) of the Tariff Act of 1930 (19 U.S.C. (1964) 1401a(e) and 1402(g)) as the basis for determining dutiable value in the case of certain chemicals, provided for in Schedule XX (United States), Part I, annexed to the Protocol (hereinafter referred to as Schedule XX), Section 4, Chapter 1. This is accomplished by the deletion of Notes 4 and 5 from Chapter 1, which provide for use of the American Selling Price system for such articles. In addition, a new Note 4 is inserted providing for use of normal methods of valuation therefor (Section 402(a) through (d) of the Tariff Act of 1930 (19 U.S.C. (1964) 1401a(a) through (d)).

(b) **Amendments.** Upon the entry into force of this Agreement, Schedule XX, Section 4, Chapter 1, shall be amended by striking out Notes 4 and 5 thereto, and by inserting in lieu thereof:

"4. The ad valorem rates provided for in this Chapter shall be based upon the methods of valuation provided for in Section 402(a) through (d) of the Tariff Act of 1930 (19 U.S.C. (1964) 1401a(a) through (d))."

Article 3 - Substitution of Converted Concessions

(a) **Explanation.** This Article removes from Schedule XX the original concessions on chemicals provided for in Units B and C of Chapter 1 of Section 4, which are based on the American Selling Price system, and replaces them with the substitute converted concessions, set forth in Appendix A, with concession rates based on normal methods of valuation. In addition, this Article removes Note 6 from Chapter 1, Unit C, which provides that specific duties on certain dyes shall be based on standards of strength, since the substitute converted concessions on these dyes involve only ad valorem rates of duty.

(b) **Amendments.** Upon the entry into force of this Agreement, Schedule XX, Section 4, Chapter 1, shall be amended by striking out Units B and C (original concessions), and by inserting in lieu thereof Units B and C in Appendix A to this Agreement (substitute converted concessions) which omit Note 6 of Unit C.

1 As provided in Article 11, this and all other explanations set out in this Agreement have no legal force or effect whatsoever.
Article 4 - Further Tariff Reductions

(a) Explanation. This Article provides for the following tariff concessions by the United States on certain chemicals and other articles, not covered by Article 3, in return for the concessions provided for herein by the other parties to this Agreement:

(i) paragraph (b)(i) of this Article repeals General Note 3(f) of Schedule XX, which provides that, in the absence of the additional concessions by the other parties to this Agreement, the United States will interrupt the staging of concessions on certain chemicals and other articles so that such concessions do not exceed two fifths of each reduction to the full concession rate. With respect to such articles, as they are identified by item numbers in Appendix B to this Agreement, the United States is prepared to make the remaining three fifths of such reduction in return for the additional concessions from the other parties, and

(ii) paragraph (b)(ii) of this Article amends Schedule XX by deleting original concessions on certain additional chemicals and other articles and substituting therefor concessions which provide for full concession rates, constituting reductions in excess of 50 per cent set forth in Appendix C to this Agreement.

(b) Amendments. Upon the entry into force of this Agreement, Schedule XX shall be amended:

(i) by striking out General Note 3(f); this repeals, as of the effective date of the amendment, the provision for interruption of the staging of the concessions provided for in the items listed in Appendix B; and after such date the effectiveness of such concessions (including any further staging thereof) shall be governed by the provisions of General Note 3, computing any relevant time periods from the effective date of the original concessions, as though there had been no provision for interruption of staging, and

(ii) by striking out the rate in each item in Schedule XX (original concession) which has the same item number as an item set forth in Appendix C, and in each case inserting in lieu thereof the rate in such item in Appendix C (substitute concession exceeding 50 per cent).

Sub-Part B - Staging of Substitute Concessions

Article 5 - Co-ordination of Staging

(a) Explanation. This Article provides for the staging of the substitute converted concessions provided for in Appendix A and of the substitute concessions exceeding 50 per cent provided for in Appendix C. It does so by inserting a new General Note 3(f) in Schedule XX and by adding a new Annex I-A
to that Schedule. New General Note 3(f) assimilates the staging of the substitute concessions with the staging of the original concessions for which they are substituted. Although rates will be changed by the amendment, the time periods and relative amounts of reduction in effect on any day after the entry into force of this amendment will be the same for the substitute concessions as they would have been for the original concessions. Appendix D to this Agreement, which contains the new Annex I-A to Schedule XX, sets forth, for both kinds of substitute concessions, rates applicable during the first, second, third, and fourth years of staging, computed from the date of the original concessions.

(b) Amendments. Upon the entry into force of this Agreement, Schedule XX shall be amended:

(i) by striking out "paragraphs (d)(ii) and (f)" in the first sentence of General Note 3(a), and by inserting in lieu thereof "paragraph (d)(ii)",

(ii) by striking out "In the case of each staged rate," in General Note 3(b), and by inserting in lieu thereof:

"Special provisions regarding rates in Section 4, Chapter 1, Units B and C, and regarding rates followed by three asterisks are set forth in paragraph (f) of this Note. In the case of each other rate which is a staged rate,",

(iii) by inserting the following new paragraph (f) in General Note 3:

"(f) This paragraph relates to the staging of full concession rates inserted in this Schedule by the Agreement Relating Principally to Chemicals, Supplementary to the Geneva (1967) Protocol to the General Agreement. In the case of any such rate in this Schedule which is followed by two asterisks, the full concession rate becomes effective on the day on which Schedule XX is amended to include such rate. In the case of each full concession rate in Section 4, Chapter 1, Units B and C, and in the case of each full concession rate which is followed by three asterisks, the rates applicable during the first, second, third, and fourth years of staging are set forth in Annex I-A to this Schedule. The first, second, third, and fourth years of staging in that Annex coincide with the corresponding years of staging of the original
concession rates, i.e., they are computed for each converted rate from the effective date of the original concessions. Consequently, if a rate is inserted in Schedule XX on any day prior to 1 January 1969, the rate which becomes applicable on and after that day is the rate for the same stage, under the substitute concession, as the stage for the rate it replaces under the original concession. The rates for the substitute concession applicable during the subsequent stages, and the full concession rate therefor, will, as provided under such Annex and under paragraphs (a)(ii) and (d) of this note, become effective on the same day as was provided for such stages and such full concession rate under the original concession.

(iv) by inserting Annex I-A, which is contained in Appendix D to this Agreement, immediately following Annex I of Schedule XX.

Part III - European Economic Community and Belgium, France, Italy

Sub-Part A - Chemicals

Article 6 - Further Tariff Reductions

(a) Explanation. This Article amends Schedule XL (European Economic Community), Part 1, annexed to the Protocol (hereinafter referred to as Schedule XL), so as to provide for the further tariff concessions on chemicals and other articles granted by the European Economic Community under this Agreement, in return for the additional concessions provided for herein by the other parties to this Agreement. These further tariff concessions are provided for in Chapters 28 through 39 of Schedule XL and are subject to the following four General Rules:

(i) The first General Rule applies to those tariff items in Chapters 28 through 39 which are identified by the symbol "C" in the fourth column and which are subject to base rates of duty of less than 25 per cent ad valorem (or equivalent); the concessions on these rates consist of four tenths of each reduction to the final rate, which shall be made under the Protocol at the same time as the first two stages thereunder, and, upon the entry into force of this Agreement, the remaining six tenths of such reduction, which shall be made at the same time as the remaining stages under the Protocol.
(ii) The second General Rule applies to those tariff items in Chapters 28 through 39 which are identified by the symbol "C2" and which are subject to base rates of duty of 25 per cent ad valorem (or equivalent) or more; the concessions on these rates consist of six tenths of each reduction to the final rate, which shall be made under the Protocol at the same time as the first three stages thereunder, and, upon entry into force of this Agreement, the remaining four tenths of such reduction, which shall be made at the same time as the remaining stages under the Protocol.

(iii) The third General Rule applies to those tariff items in Chapters 28 through 39 which are identified by the symbol "C3" and with respect to which Switzerland has been the principal or a substantial supplier of the articles concerned to the European Economic Community; the concessions on these rates consist of seven tenths of each reduction to the final rate, which shall be made under the Protocol at the same time as the first four stages thereunder, and, upon entry into force of this Agreement, the remaining three tenths of such reduction, of which one tenth shall be added to the reduction made at the same time as the fourth stage and two tenths shall be made at the same time as the last stage under the Protocol.

(iv) The fourth General Rule applies to those tariff items in Chapters 28 through 39 which are identified by the symbol "C4" and which are duty free; the concessions on these items consist of the binding of duty-free treatment which shall be made upon the entry into force of this Agreement.

The tariff items in Chapters 28 through 39 of Schedule XL for which concessions or other actions do not conform with any of the four General Rules, and tariff items in Chapters 28 through 39 of the tariff of the European Economic Community (other than items presently bound duty free), for which no concessions are made, are listed in Appendix E to this Agreement.

(b) Amendments. Upon the entry into force of this Agreement, Schedule XL shall be amended by striking out the seventh, eighth, ninth and tenth paragraphs under Section II of the General Notes at the beginning of this Schedule, and by striking out all the symbols C1, C2, C3, and C4 in Chapters 28 through 39, thereby rendering applicable the final rates in such Chapters.

Sub-Part B - Automobile Road Taxes

Article 7 - High-Cylinder Capacity Engines

(a) Explanation. There follows the text of the undertaking relating to automobile road taxes on the part of Belgium, France, and Italy, in return for the additional concessions provided for herein by the other parties to this Agreement.
(b) Undertaking. Upon the entry into force of this Agreement, the Governments of Belgium, France, and Italy shall set in motion the necessary constitutional procedures in order to adjust the modalities of their automobile road taxes concerning either the progressivity of the taxes or the basis of the taxes, or both, so as to assure the absence of those elements of these taxes whose incidence is particularly heavy for vehicles having engines of a high-cylinder capacity.

Part IV - United Kingdom

Sub-Part A - Chemicals

Article 8 - Further Tariff Reductions

(a) Explanation. This Article amends Schedule XIX (United Kingdom), Section A, Part I, annexed to the Protocol (hereinafter referred to as Schedule XIX), so as to provide for the further tariff concessions on chemicals and other articles granted by the United Kingdom under this Agreement, in return for the additional concessions provided for herein by the other parties to this Agreement. These further tariff concessions are provided for in Chapters 28 through 39 of Schedule XIX (in which concessions under the Protocol are enclosed in brackets and final concessions are without brackets) and are subject to the following four General Rules:

(i) The first General Rule applies to those tariff items in Chapters 28 through 38 which are subject to base rates of duty of less than 25 per cent ad valorem (or equivalent); the concessions on these rates consist of two fifths of each reduction to the final rate which shall be made under the Protocol at the same time as the first two stages thereunder, and, upon the entry into force of this Agreement, the remaining three fifths of such reduction which shall be made at the same time as the remaining stages under the Protocol.

(ii) The second General Rule applies to those tariff items in Chapters 28 through 38 which are subject to base rates of duty of 25 per cent ad valorem (or equivalent) or more; the concessions on these rates consist of reductions of 30 per cent, which shall be made under the Protocol at the same time as the first three stages thereunder, and, upon the entry into force of this Agreement, further reductions to a rate not greater than 12.5 per cent ad valorem, which shall be made at the same time as the remaining stages under the Protocol.
(iii) The third General Rule applies to those items in Chapters 28 through 38 which are identified by an asterisk; the concessions on these rates consist of reductions of 35 per cent, which shall be made under the Protocol at the same time as the first three or four stages thereunder, and, upon entry into force of this Agreement, further reductions to the final rate, which shall be made at the same time as the last two stages, under the Protocol.

(iv) The fourth General Rule applies to the tariff items in Chapter 39; the concessions on these items under the Protocol consist of reductions in those base rates which are equal to, or higher than, the base rates on the same items in Chapter 39 of Schedule XL of the European Economic Community, and these reductions shall be made under the Protocol in accordance with the first or second General Rule, whichever is applicable; no concessions (indicated by empty brackets) shall be made under the Protocol on base rates which are lower than the base rates on the same items in Chapter 39 of Schedule XL; the concessions under this Agreement consist of reductions or further reductions to the final rates on the same items in Chapter 39 of Schedule XL, which shall be made at the same time as the remaining stages under the Protocol, and of bindings of base rates which are not higher than the final rates on the same items in Chapter 39 of Schedule XL.

The tariff items in Chapters 28 through 39 of Schedule XIX (other than items to be bound duty free) for which concessions do not satisfy the conditions of any of these four General Rules, and items in Chapters 28 through 39 of the United Kingdom's tariff, other than items presently bound duty free, for which no concessions are made, are listed in Appendix F to this Agreement.

(b) Amendments. Upon the entry into force of this Agreement, Schedule XIX shall be amended -

(i) by striking out the note at the beginning of Schedule XIX which deals exclusively with Chapters 28 through 39, and

(ii) by striking out in Chapters 28 through 39 all the brackets and bracketed rates in the fourth column, thereby rendering applicable the final rates provided for in that column.

Sub-Part B - Unmanufactured Tobacco

Article 9 - Reduction of Preference Margin in Revenue Duty

(a) Explanation. This Article amends Schedule XIX so as to insert therein the note set forth below. By the terms of this note, the United Kingdom will reduce by approximately 25 per cent the margin of Commonwealth preference in
the revenue duty on unmanufactured tobacco, in return for the additional concessions provided for herein by the other parties to this Agreement.

(b) Amendments. Upon, or on the earliest practicable date following, the entry into force of this Agreement, the following note, which deals with unmanufactured tobacco provided for in tariff item 24.01 and which replaces any note relating to such articles in any prior Schedule XIX, shall be inserted after tariff item ex 23.07 in Schedule XIX:

"Note. 1. Whenever the ordinary most-favoured-nation customs duty chargeable on unmanufactured tobacco containing 10 per cent or more by weight of moisture -

"(a) is not more than £1.15s.6d. per pound, that duty shall not exceed the preferential duty by more than 9d. per pound, or

"(b) is more than £1.15s.6d. per pound but not more than £2.5s.2d. per pound, that duty shall not exceed the preferential duty by more than 1ld. per pound, or

"(c) is more than £2.5s.2d. per pound, that duty shall not exceed the preferential duty by more than 1s.2d. per pound.

"2. The ordinary most-favoured-nation customs duty chargeable on unmanufactured tobacco containing less than 10 per cent by weight of moisture shall not exceed the preferential duty by more than 1s.3½d. per pound."

Part V - Switzerland

Article 10 - Prepared Fruit

(a) Explanation. This Article amends Schedule LIX (Switzerland), Part 1, annexed to the Protocol (hereinafter referred to as Schedule LIX) so as to insert therein the note set forth below. By the terms of this note, Switzerland shall assure that prepared or preserved fruits provided for in tariff item 2006 shall be free from restrictions by reason of the presence of corn syrup, in return for the additional concessions provided for herein by the other parties to this agreement.

(b) Amendments. Upon the entry into force of this Agreement, the following note shall be inserted after item 2006 in Schedule LIX:

"Note: Imports of prepared or preserved fruits under tariff item 2006 shall be free of any restrictions imposed by reason of the presence of corn syrup."
Part VI - Final Provisions

Article 11 - Significance of Explanations

The explanations set out in this Agreement are intended for convenience only in referring to the amendments and undertaking and have no legal force or effect whatsoever.

Article 12 - Signature and Acceptance

This Agreement shall be open for acceptance, by signature or otherwise, from 30 June until 31 December 1967, by the Governments of Belgium, France, Italy, Switzerland, the United Kingdom, the United States and by the European Economic Community, and if accepted by all those Governments and the European Economic Community by the latter date it shall enter into force in accordance with the provisions of Article 1(b).

Article 13 - Deposit with Director-General

This Agreement shall be deposited with the Director-General to the CONTRACTING PARTIES who shall promptly furnish a certified copy thereof, and a report of the notification received by him pursuant to Article 1(b) of this Agreement, to each contracting party to the General Agreement and to the European Economic Community.

Article 14 - Registration with United Nations

This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

DONE at Geneva this thirtieth day of June one thousand nine hundred and sixty-seven, in a single copy, in the English and French languages, except as otherwise specified with respect to appendices hereto, both texts being authentic.
APPENDICES TO THE AGREEMENT RELATING PRINCIPALLY TO CHEMICALS,
SUPPLEMENTARY TO THE GENEVA (1967) PROTOCOL

A - United States Substitute Converted Concessions on Chemicals

B - Items on which the United States will make Three Fifths of the Reduction to the Full Concession Rate in Addition to the Two Fifths made under the Geneva (1967) Protocol

C - United States Concessions of Rate Reductions greater than 50 per cent

D - Staging of Substitute Concessions for Schedule XX

E - European Economic Community

F - United Kingdom