Report of the Committee on Balance-of-Payments Restrictions

1. In accordance with the instructions of the Council the Committee met on 27 November to examine the request by the Government of Turkey for an extension of the Decision of 24 August 1969 to allow it to continue to apply the stamp duty to products bound under the General Agreement beyond 31 December 1972 (see L/3735 and C/M/81).

2. The Committee had before it background papers provided by the International Monetary Fund in the context of the related consultation under article XIX of the General Agreement. The Committee heard a statement by the representative of the Fund, which was duly noted in the Committee's records for future reference.

3. The Committee also heard a statement by the representative of Turkey on the circumstances in which his Government considered it necessary to continue to maintain the Stamp Duty and to ask for an extension of the waiver.

4. Members of the Committee welcomed the reaffirmation by the Turkish representative that as from 1 January 1973 a uniform stamp duty rate, not exceeding the current maximum of 10 per cent, would be applied to imports from the territories of all contracting parties without discrimination.

5. In view of the statement by the Turkish Government that the stamp duty has been and would continue to be applied for the purpose of safeguarding the balance of payments, the Committee considered that it would be impracticable to examine this measure in isolation from the other measures affecting imports which were being maintained for the same purpose. In this connexion it noted that the Article XVIII:12(b) consultation with Turkey for 1971 was yet to take place and that it would be possible to carry out this consultation early in 1973. The Committee, in agreement with the Turkish delegation, therefore proposes that the CONTRACTING PARTIES grant an interim extension of the waiver, for a period of five months, so that a thorough and meaningful examination of the question of extending the waiver could be made in the context of the Article XVIII:12(b) consultation to be held before the end of April 1973.

6. For this purpose a draft decision is attached.
Annex

Draft Decision

Considering that the CONTRACTING PARTIES, by decisions dated 20 July 1963, 11 November 1967 and 24 August 1969, waived, subject to specified terms and conditions, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Turkey to maintain as a temporary measure, the Stamp Duty not exceeding a specified ad valorem rate, on imports into Turkey of products included in Schedule XXXVII, until 31 December 1972;

Considering that the Government of Turkey has requested an extension of the waiver to enable the maintenance of Stamp Duty beyond that date;

Considering that the Government of Turkey has assured the CONTRACTING PARTIES that as from 1 January 1973, all discriminatory elements in the administration of the Stamp Duty will be eliminated so that a uniform rate will be applied to imports from the territories of all contracting parties;

Considering that the Stamp Duty has been applied for the purpose of safeguarding the balance of payments in conjunction with other import restriction measures, regarding which a consultation with the Government of Turkey will take place early in 1973 in the Committee on Balance-of-Payments Restrictions; and

Considering the desirability of having the request for extension of the waiver examined in the context of that consultation,

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956,

Decide to waive, subject to the same terms and conditions as provided for in the previous Decision, the provisions of paragraph 1 of Article II to the extent necessary to enable the Government of Turkey to maintain the Stamp Duty on imports of products included in Schedule XXXVII until the CONTRACTING PARTIES have taken a decision on the waiver request, or until 31 May 1973, whichever is the earlier.