INTRODUCTION OF A NEW CUSTOMS TARIFF IN INDIA

Request for a Waiver

The following communication, dated 19 January 1976, has been received from the Government of India.

1. The Government of India has been considering for some time the question of simplification and rationalization of its tariff structure and had sought and had been granted a waiver under Article XXV of the GATT for this purpose in terms of Decision L/3831 of 16 March 1973, by the CONTRACTING PARTIES. However, the necessary legislative procedures for such a change-over could not be completed at that time and therefore, only a few adjustments in the tariff structure were made. Negotiations under Article XXVIII had been entered into with the parties in whose favour these rates had been bound and the negotiations were satisfactorily completed and intimation about which was made to the CONTRACTING PARTIES on 13 January 1975, which was circulated as GATT document number SECRET/227.

2. The matter has been further examined particularly with regard to the Multilateral Negotiations and the efforts being made in these negotiations to harmonize and simplify the customs and tariff procedures and classifications. The Government of India believes that a simplification and rationalization of the tariff nomenclature and structure would be of assistance to exporters and generally facilitate trade and by taking this step, India would be contributing to the overall objectives of these negotiations. The required legislative procedures have now been completed and the Indian Parliament has enacted a new Customs Tariff Act introducing a customs tariff based on Brussels Tariff Nomenclature which is proposed to be brought into force on 1 April 1976.

3. With the enactment of the new Tariff Act, the composition of product coverage in the new tariff has changed considerably as compared to the position under the existing tariff which is based on the League of Nations Nomenclature. These changes necessitate modifications in the existing rates of duty on several items including some of
those bound under the GATT so that the rates of customs duty are in conformity with the revised classification and grouping of similar types of goods under the new tariff. The Government of India desires simultaneously to simplify and rationalize the tariff structure.

4. Now, therefore, in order to implement immediately the revised nomenclature, the Government of India requests a waiver from its obligations under Article II of the General Agreement, to the extent necessary to apply the new tariff, pending re-negotiations under Article XXVIII of those items in Schedule XII affected by the tariff reform.

5. The Government of India would be willing to enter into consultations and negotiate with interested contracting parties where the existing bindings in their favour are affected through upward revision of tariff rates.

6. It is further requested that Part IV of the General Agreement including Article XXXVI:8 may be made applicable to the negotiations between India and the contracting parties which have accepted the protocol amending the General Agreement on Tariffs and Trade to introduce a Part IV on Trade and Development and other contracting parties, negotiating with India, likewise to accept, the principle enunciated in Article XXXVI:8 as applicable to the negotiations.

7. The negotiations or consultations mentioned above shall be completed not later than 31 December 1977.

The request by India will be considered by the Council at its next meeting.