ARTICLE XXVIII - APPLICATION OF THE SCHEDULES

Statement of Reservation by the Indian Delegation

The Government of India wish to notify the CONTRACTING PARTIES that they reserve the right to negotiate the modification or withdrawal of certain items before 30 June 1955, should that course become necessary. Industrial developments in India may necessitate the opening of negotiations for the modification or withdrawal of some of the scheduled concessions between now and 30 June 1955. The situation in respect of each item varies appreciably as do the probabilities of the Government of India actually proposing within that period withdrawal or modification of particular items. In the light of this indefinite situation, the Government of India are neither prepared to prolong the period of firm binding in respect of the items included in Schedule XII for a further period of eighteen months nor do they wish now to take steps to withdraw or modify the concessions.

The considerations which dictate this course are as follows:

(a) The Government of India have received applications from certain domestic industries for the imposition of or increase in protective duties on a number of products on which the present tariff treatment was bound at Geneva, Annecy or Torquay. These bindings were accepted then in the light of the general understanding that it would be possible to negotiate modifications or withdrawals at any time after 1 January 1954.

(b) Under existing Indian law applications of the kind mentioned are referred to a statutory tribunal (the Indian Tariff Commission) for public inquiry and report including a recommendation to the Government as "to the necessity for increase, or decrease in the duties of customs".

(c) The applications either have been referred to the Tariff Commission, or will probably be so referred in the near future. The Government of India, therefore, consider that, in view of their assurance to the interests concerned and the legal implications attaching to inquiries and recommendations by the Tariff Commission they cannot commit themselves to a prolongation of the period of firm binding of those items.
(d) On the other hand, it is not improbable that the Tariff Commission will in some cases consider the present bound rates adequate, or, in other cases, recommend duties lower than the contractual rates. There is also the practical consideration that, until the Tariff Commission has completed its public inquiry and formulated the terms of its recommendation, no one is in a position to indicate the nature and extent of the modification that may be required in the original concession. The Report of the Commission on the ball-bearings industry in which they have recommended that the Government should secure release from its commitments under the GATT in regard to the import duty on ball-bearings has been received but reports on most of the other items concerned will not be available before the conclusion of the current Session.

(e) A large part of Indian Government revenues is now realised from export duties. Since it has become impossible to maintain these duties on most of the items, India will have to depend in future on import duties in an increasing measure for her revenues. It may, therefore, be necessary to increase the rates of duty on certain products on which tariff concessions have already been given.

(f) If a modification or withdrawal of concessions initially negotiated at Geneva or Annecy or Torquay actually becomes necessary it is possible that some cases may more appropriately form the subject of negotiations in accordance with the terms of Article XVIII or Article XXII. Whilst it is assumed that the proposed extension of the assured life of the tariff concessions will not affect the rights of a contracting party under Article XVIII or Article XXII, the Government of India consider it desirable to make the specific reservation in order that the nature of its commitments will be apparent to all interests concerned.