INTERNATIONAL TRADE - 1956

A Report by the Secretariat on Trade, Trade Barriers and the Activities of the CONTRACTING PARTIES

Customs Tariffs

The draft of the section of Part II dealing with Customs Tariffs is attached hereto. Any contracting party wishing to make suggestions is requested to do so before 1 May 1957.
CUSTOMS TARIFFS

Changes in the field of customs tariffs in 1956 reflect the favourable developments in the world economic situation. Tariffs, generally, were very stable, and the reductions and suspensions of duties were more numerous and more important than the increases. This stability was ensured by the maintenance of the tariff concessions under the General Agreement and was accentuated by the additional reductions accorded in the tariff negotiations of 1956. There was, however, an increasing tendency for governments to use their import tariffs as an instrument of short-term economic policy.

Another trend which developed in the period under review is to be seen in the efforts of countries in various parts of the world to form bigger economic units by the creation of customs unions or free-trade areas. The Republics of Central America and the Arab countries have taken further steps in this direction, but the most important project ever attempted in this field, from both the political and economic points of view, is the attempt to bring about a closer economic integration of Western Europe by the creation of a European Customs Union and Free-Trade Area.
Tariff Reforms

Europe - In the year 1956, there were very few changes towards major tariff reforms in Europe. France is the only country which overhauled its tariff in order to introduce the final Brussels tariff nomenclature. That tariff, which was made effective on 1 January 1956, is also applied by Tunisia, which, since that date, has been united with France in a customs union. Other European countries which intended to adopt the Brussels nomenclature did not reform their tariffs in 1956, and even countries such as Austria and Sweden, which intended to introduce new tariffs postponed their action to a later date. As a consequence of this postponement, the Austrian parliament has extended until 30 June 1957 the power granted to the Finance minister to change customs treatment by decree. Finland, which reviews annually its tariff coefficient made no change in the period under review, but early in 1956 converted a number of specific rates into ad valorem duties. The Federal Republic of Germany, without changing the tariff nomenclature and the legal and contractual rates, reduced most of its duties by administrative measures for economic policy reasons as reported in detail in the following section. The Government of Greece announced that a general re-adjustment of the Greek tariff on the basis of the Brussels nomenclature was contemplated and that the new rates would take into account the need to protect domestic industry but would not go so far as to protect inefficient production. In October 1956, Poland increased the list of products which can be imported by private persons and considerably reduced the duties on such imports.

Latin America - There is a tendency on the part of some South American governments to replace the very complicated exchange and import restrictions, at least partially, by making their customs system more effective. For example, the President of Bolivia signed, on 17 December, decrees by which many of the twenty-five year old economic controls were replaced by a new and more protective customs tariff based almost exclusively on ad valorem rates. This reform included the abolition of the various c.i.f. surcharges which were replaced by a 1 per cent surcharge based on the c.i.f. value of the goods imported. In Brazil, for similar reasons in addition to certain fiscal considerations, a tariff reform has been prepared, based on the Brussels tariff nomenclature. The new tariff rates are ad valorem and range up to 150 per cent. The Brazilian Government expects that as a result of the introduction of the new tariff the premiums paid at the exchange auctions will decrease and that the tariff reform will not lead to changes in the existing volume or composition of imports. The draft tariff is under consideration by the Brazilian Congress. Chile, which is applying a tariff with specific rates expressed in gold pesos, has adjusted upward the conversion rate of the gold peso to take into account the changes in the per value of its currency. As with Bolivia and Brazil, Colombia is preparing a tariff...

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1 The waiver granted to Brazil by the CONTRACTING PARTIES in connexion with the introduction of the new tariff is described on page ....
reform aimed to a large extent at affording protection for domestic industries by means of the tariff rather than by the import control system as at present. Ecuador, which introduced a new tariff in 1954 with the assistance of the United Nations, changed all tariff rates in March and April 1956, replacing the specific duties by mixed specific and ad valorem rates. Haiti made progress with its tariff reform and has made known that the special commission appointed to prepare the new tariff will soon complete its task. In February 1956 Mexico introduced a new customs tariff to replace the tariff of 1930; the nomenclature and the type of rates – which are mostly mixed specific and ad valorem duties – remained unchanged, but most of the rates were increased. The system of publishing fixed values in the official gazette, for the calculation of the ad valorem duties, has also been maintained.

Asia - The National Assembly of Afghanistan decided on 2 September 1956 on a general increase of the three groups of import duties. The new import duties will be 100 instead of 45 per cent of the value of the imported product on luxury items; 80 instead of 40 per cent on consumer goods, footwear, electrical appliances, bicycles, sewing machines etc., and 60 instead of 35 per cent on essentials, including e.g. cotton piece-goods. India published a new edition of its customs tariff incorporating all modifications which became effective up to 1 September 1955. The continuous review of protective duties undertaken by the Indian Tariff Commission resulted in very few changes in 1956 in the duty rates; in some cases where the Commission had recommended the removal of protection from certain industries on the grounds that they could no longer be regarded as "infant industries", the same or similar rates of duty were maintained for fiscal reasons. On the other hand, as part of the new taxation measures, a large number of customs duties were increased in December 1956. These increases are referred to in the paragraph dealing with increases in duty for economic policy reasons. In Iraq a new customs tariff based on the Brussels nomenclature came into force on 1 January 1956. In comparison with the old tariff, it provides, in general, for lower duties on basic foodstuffs, raw materials and machinery and for higher duties on products competing with locally manufactured goods. This general trend became even more apparent in the amendments introduced later in the year. Under the new customs code the Minister of Finance is given wider authority to reduce customs duties. The Philippine Government presented a new tariff to the House of Representatives to replace the current tariff passed by the Congress of the United States in 1909. The draft is based on the Brussels nomenclature and, with the exception of a few specific and mixed rates, provides for ad valorem duties based on c.i.f. values. Lower rates will apply on essential foods, necessary products and capital goods, and higher rates on luxuries and products which would compete with developing industries. The proposed duty rates will generally be higher than the present duties. The President will be empowered to reduce or increase duties by administrative measures, within certain limits, on the recommendation of a tariff commission. The customs tariff of Vietnam, which has undergone many modifications since it was brought into effect by a decree in August 1949, has again been extensively modified in the period under review. The new rates,
applicable from 1 April 1956, provide for increases on luxury goods and for reductions on goods needed by the economy of Vietnam. All preferential rates have been abolished.

Australasia - The Government of New Zealand is at present studying the possibility of a tariff reform with a view to modernizing the tariff nomenclature. This reform, however, would also lead to a re-examination of the rates of duty with a view to the eventual elimination of quantitative restrictions. The Board of Trade has been instructed to do the preparatory work.

Africa - In July 1956, the Government of French West Africa passed an ordinance containing a new customs tariff based on the Brussels nomenclature. Liberia, which withdrew from the General Agreement on Tariffs and Trade in June 1953, reverted with effect from 17 May 1956 to the higher rates in force before its adherence to GATT. This change has led to increases up to 15 per cent in duties. In 1956 the Federation of Rhodesia and Nyasaland decided to remove the special treatment for imports into that part of the Federation which falls within the so-called Congo Basin area. The practical effect of the change, measured against the quantity of imports, however, will be very limited. The Government of the Union of South Africa introduced a number of changes in its customs tariff by the Customs Amendment Act of 1956, including, principally, a total re-drafting of the textile section of the tariff, so as to arrive at a more logical grouping of products, but without changing the tariff level.

Reduction of Import Duties

Reductions for economic and social reasons - The Federal Republic of Germany, which in 1955 partially suspended by decree the tariff rates on a great number of products mainly to prevent an increase in the cost of living used the tariff to a still greater extent in 1956 as a means of influencing the special economic situation; with certain exceptions, all tariff rates were reduced with effect from 1 July. The main reason for this drastic decision, apart from avoiding an increase in the cost of living, was to achieve a better balance between imports and the increasing exports. This measure provides for a 20 per cent reduction in the ad valorem duties on the items previously dutiable at rates ranging up to 16 per cent, a 25 per cent reduction on items previously dutiable at rates between 17 and 27 per cent, and for a reduction by 21 per cent of all duty rates higher than 27 per cent. While in some instances, mainly in the field of machinery, the tariff reductions brought into effect go even further than the general reductions mentioned, there are, on the other hand, very few agricultural products affected by these reductions.

Some of the tariff reductions in 1956 indicate the tendency of governments to permit the importation of specified products duty free or at reduced rates to

1 This change took effect early in 1957.
ensure their availability in satisfactory quantities and at reasonable prices. Many such measures - especially those affecting foodstuffs - are limited to periods in which domestic production is small or nil and stocks have been consumed. Ceylon reduced its rates on butter and jam and on dried and salted fish. Chile temporarily reduced its duties on edible fats by 50 per cent and, in accordance with a one-year agreement with Argentina, removed the duty on frozen meat. In December Costa Rica reduced inter alia, the duty rates on certain cereal preparations and hides and skins and in November on sugar due to the bad harvest. France provided duty-free tariff quotas for olive oil and for whale-oil for the manufacture of edible fats. India reduced the duty on cottonseed oil in April. In February Italy suspended the duty on wheat with effect until December 1957, and in June the duty on seed oil, imported for the preparation of fish preserves was suspended and the duty on all oil seeds was reduced by 50 per cent. In November 1956 Lebanon removed the duties on sheep butchery meat and butter. Portugal reduced its duty on peanut oil by 60 per cent and freed imports of olive oil from duty to the extent that such imports replace exports of Portuguese olive oil. The Federation of Rhodesia and Nyasaland provided for a temporary reduction of customs duties on certain fish and sugar, as well as on certain types of textile products. In Tunisia the import duty on olive oil imported within a tariff quota has been temporarily suspended.

The special import provisions applied by Algeria to imports into the Sahara territory were dictated by geographic or climatic considerations. The Governor-General has the right to free from duty and other charges certain foodstuffs, medicines, fabrics, etc. if consumed in that territory. Argentina introduced a special import regime for Tierra del Fuego, freeing all imports into this zone from all duties and charges. By this decision, the Argentinian part of Tierra del Fuego has obtained the same treatment as the Chilean part of the island, which belongs to the province of Magallanes.

Reductions resulting from bilateral and multilateral negotiations

The most far-reaching action in the field of tariff concessions in the period under review resulted from the Fourth GATT Tariff Conference, also called the General Tariff Conference 1956, which opened on 22 January and ended on 23 May when the protocol containing the concessions was signed by the representatives of the twenty-two negotiating governments. The main reason for opening a new round of tariff negotiations was the fact that the United States Congress had granted a new authority to the President (Trade Agreements Extension Act of 1955) to reduce duties in agreements, the other was that it became obvious that governments were not prepared to accept a general tariff reduction plan providing for automatic reduction. In conformity with this new power, the concessions

1 The protocol is called the Sixth Protocol of Supplementary Concessions, see Part III, page ...
granted by the United States, affecting some 8 per cent of its import trade, were generally limited to reductions of about 15 per cent of the duties existing on 1 January 1955; they are brought into effect in three annual stages. The concessions granted by the other governments not only reflect the counter-concessions accorded by the United States, but contain also numerous concessions negotiated between those other governments. In these negotiations the High Authority of the European Coal and Steel Community participated for the first time, acting on behalf of the member States. These negotiations led to concessions on iron and steel products granted by France, Italy and Germany.

In August 1956, the GATT secretariat was notified that the supplementary tariff concessions, resulting from tariff negotiations carried out in 1955 by the Federal Republic of Germany with Denmark, Norway and Sweden had been made effective. In the year under review there were also a few renegotiations of tariff concessions granted at previous GATT tariff conferences. Such negotiations were in all instances limited to very few items and affected only a negligible part of the total concessions granted by the countries concerned. These negotiations generally led, in conformity with the provisions of GATT, to new tariff reductions equivalent to the negotiated increase of bound rates. These renegotiation procedures serve to strengthen the value of tariff concessions by providing a measure of flexibility in urgent circumstances. Authority to renegotiate a few specified items was granted in 1956 to Australia, Chile, New Zealand, United Kingdom, and United States. Some reductions have resulted from bilateral negotiations. By an agreement of 1 February 1956 with the United States, Cuba reduced the most-favoured-nation rates, as well as some preferential duties, on eighty-six items. Reference might also be made in this context to the fact that Canada extended, by an agreement of 29 February the most-favoured-nation treatment to the USSR, and that Iran extended the application of reduced tariff rates on a most-favoured-nation basis to Benelux, the Federal Republic of Germany, the United Kingdom and the United States.

Reductions to assist domestic industry

It is impossible to list all temporary tariff reductions brought into effect in the interest of domestic industry in various countries. It might, however, be of interest to indicate some countries which had recourse to such measures, namely - Austria, Canada, Costa Rica, Belgium, France, Germany, Italy and Japan. The products affected by such temporary or other tariff reductions were principally ores and base metals, iron and steel and some chemical products.

1 The value of United States imports affected by the concessions is given in the official analysis of the 1956 tariff negotiations as being 811 million United States dollars (imports in 1954 of the items concerned from all countries participating in the Conference). This is 7.9 per cent of the total imports of the United States in 1954 which amounted to 10.232 million dollars. (OECD statistics - Series IV - 1955, page 18)

2 Third, Fourth and Fifth Protocols of Supplementary Concessions to the General Agreement on Tariffs and Trade.
In so far as ores and base metals are concerned, the tariff reductions reflect the increased demand caused by the increasing output of industry in the period under review. In the summer of 1956 Canada temporarily suspended the duties on titanium ingots, tungsten rod and wire, as well as on electrolytic copper powder. Finland removed the duties on aluminium rod and wire. France provided a duty-free tariff quota for magnesium scrap and waste. India suspended the duty on aluminium scrap. The United States prolonged for a further year, to July 1957, the suspension of import duties and taxes on most metal scrap. The suspension of duty on tungsten scrap however, was not prolonged. By a bill passed on 2 May, the United States, furthermore, suspended the duty on bauxite, the basic material for making aluminium, for the period July 1956 to July 1958.

In regard to iron and steel a number of reductions of duties on products imported from third countries have been made effective with the approval of the High Authority by various member countries, particularly France and Germany, of the European Coal and Steel Community. These reductions were very often limited to tariff quotas designed to prevent transhipment to the other Community countries. Benelux extensively altered its duties on iron and steel products in November 1956 by considerably reducing a great number of rates levied on imports from third countries. At the same time, however, duty rates on angles and other shapes as well as on universal plates were slightly increased. Other countries, not belonging to the European Coal and Steel Community, reduced or removed duties on iron and steel products. Canada suspended, in the summer of 1956, the rates on certain iron sheets and strips. Finland removed the duty on steel billets. India, following its policy of removing fiscal duties on raw materials which hinder industrial development, removed the duty on raw iron in May; another reason for these measures was the desire to align import prices with the lower internal prices. In August India suspended the duties on certain bars and rods of special steel. In April Mexico established reduced rates for the remainder of 1956 for tin and black plate - imports of these products were, however, limited by a tariff quota. New Zealand extended its existing suspension of duties on certain iron and steel products to February 1957. Pakistan, in October, partially suspended the duty on certain iron and steel sheets and plates. The Federation of Rhodesia and Nyasaland suspended, totally or partially, duties on certain iron and steel bars and rods as well as on certain tubes and pipes. In February 1956, Spain extended for another year the 90 per cent suspension of the duty on certain iron and steel products introduced in 1953. The United Kingdom, on various occasions during the year, extended the suspensions relating to a wide range of iron and steel products. These suspensions will remain effective for most of these products until September 1957. On tinplate, etc., the duty was restored in March 1957.
The duties on some raw materials required by certain industries have been reduced. The Benelux and Swiss Governments considerably reduced their rates on coniferous woods. France fixed a duty-free quota of 10,000 metric tons for cotton linters for the period 1 July 1956 to 30 June 1957, and provided for a reduced rate for high-quality fire-proof bricks and tiles within the tariff quota determined for the year 1956. El Salvador suspended the duty on raw asbestos in October. Syria reduced the duty rates on electrodes imported for electric soldering.

To facilitate the development of industries many countries reduced the import duties on machinery. India reduced in April the duty rates on certain step and repeat machines and in July on certain exhaust fans. Norway suspended in June the import duties on many types of machinery including pumps and grinding, drilling and polishing machinery. Under the Finance Act of 1932, the United Kingdom may grant duty-free access to machinery not produced in the country and in April 1956, the conditions under which such duty-free importation of machinery not available in the United Kingdom within defined periods, were renewed.

Tariff reductions in the interest of particular industries

In all the cases mentioned above, the selection of products on which duties were reduced or suspended, took account of the special needs of national industries, but in some instances the duty reductions or suspensions were limited to tariff quotas in order to alleviate any damaging effect on the home industry. In other cases, the same economic effect was achieved by limiting the application of the lower duties or of duty-free treatment to goods to be used in certain industries. The letter system provides for greater flexibility since the type of product which can be imported at reduced rates does not need precise definition, although some countries prefer to list the products affected.

Some countries made such provisions for assembling industries. Colombia provided for exemption from customs duty for most important materials to be used by firms establishing assembly plants for motors, refrigerators, sewing machines, radio receivers, bicycles, typewriters and calculating machines. In July India exempted from duty components of fuel injection pumps for stationary diesel engines, but the decision was rescinded in November. Rhodesia reduced the rates on certain parts for motor tricycles in December. Uruguay published in July a decree by which the parts for assembling television broadcasting stations were freed from duty.

In the interest of the handicraft industry in Barbados, the duty on knitted cloth to be used in the manufacture of garments was suspended; in Jamaica the rates on certain yarns used in the manufacture of knitted piece-goods and hat bodies were reduced; and in Syria esparto grass and other vegetable materials used for basket-making but not grown in Syria were exempted from customs duties.

The boom in the building industry was reflected in duty changes. Austria, Chile, New Zealand, Peru and the Philippines, for example, suspended or reduced the duty on all or certain types of cement. Cuba, which also temporarily
suspended the duties on cement, provided in October for duty-free imports of equipment and material for the cement industry. Brazil provided for duty-free import of machinery and equipment required for the construction and maintenance of hydro-electric plants and steel mills. Venezuela accorded duty-free entry to all road-construction and earth-moving machinery in April.

Enumerated below are some instances in which reduced import duties were provided on materials or machinery and equipment for other industries during the period under review:

Brazil for the manufacture of electric batteries; British Guiana for the manufacture of plastic goods; Canada re-issued in October the list of products which can be imported duty-free or at reduced rates if used by certain national industries; Chile for copper mining and for all medium and small mining enterprises; Cuba for a special petroleum refinery; Haiti for the manufacture of glass and porcelain, galvanized sheeting, bicycles, windows, chocolates; crown corks and rubber shoes; Iran for several industries, including cement, dye and matches; Italy for oil drilling; Jamaica for exploring and prospecting minerals; Pakistan for the borax industry; Paraguay for research and technical institutes; Peru for the whole of its textile, match and mining industries; the Federation of Rhodesia and Nyasaland for many industries including clothing, furniture, pulpboard and paper manufacturing, radio manufacturing, electric batteries and hats; the Union of South Africa granted reduced rates (called "rebates") for a great number of products used in manufacturing industries such as hat, leatherwork, printing, rubber, clothing, iron and steel, motor-cars, ceramics, wax, bicycles and plastic materials.

Reductions to assist the farming population

A number of measures were taken in the period under review in the interest of the development of farming. Canada widened the range of duty-free parts for farm machinery and equipment and freed such parts from the 10 per cent sales tax in its new Budget Law for the fiscal year beginning on 1 April 1956. Chile provided duty-free entry for certain machinery for preparing the soil when accompanied by an attestation of the Wheat Production Corporation that the equipment would be used for agricultural purposes. In summer 1956 Ceylon reduced the rates on agricultural implements including tractors. The Dominican Republic freed natural and artificial fertilizers from duty. El Salvador provided for considerable tariff reductions on imported vaccinated cattle and vaccinated pigs with a view to stock improvement. France, which has a preference for tariff quotas in the agricultural sector, provides for the importation of certain fertilizers within a yearly duty-free quota (which was fixed for the agricultural year July 1956 - June 1957 at 15,000 metric tons) and also established in 1956 duty-free quotas for seed potatoes, linseed and other products. Although Ireland has had recourse to many tariff increases in the period under review, the customs duty on superphosphates was suspended in November. Lebanon freed from duty fish eggs for breeding. Madagascar provided for the possibility to import duty-free parts used for assembling or repairing agricultural tractors. New Zealand suppressed, either fully or partially the customs surtax and primage duty on certain feeding stuffs. Nicaragua, in February 1956 with retroactive effect from July 1955,
suspended the duty on most manufactured fertilizers. This suspension will remain in force until the National Council of Economy declares that Nicaraguan industry can produce these fertilizers economically and in quantities sufficient to satisfy local demands. Norway, which, as already reported, suspended the duty on many types of machinery, included in this list certain agricultural machinery. Spain announced reductions of duties on certain fertilizers and animal fodder in September 1956 to alleviate domestic shortages. The United States added guar seeds to the list of products which can be imported duty-free with a view to fostering the cultivation of the guar plant, a drought-resistant vegetable, the seeds of which can be used for livestock food.

Reductions to assist tourist traffic

With the growing importance of the tourist traffic in national incomes and very often in foreign currency earnings, many countries have adopted measures beyond the traditional means of facilitating the customs provisions relating to tourist trade. Bolivia, Cuba and El Salvador freed from duty equipment imported for air transport companies. Cuba and El Salvador freed buses for transport services from import charges. To some extent the tariff reductions on passenger cars (Federation of Rhodesia and Nyasaoland) and on rubber tyres (Chile) fell within this field. Greece, by an Ordinance of March 1956, introduced the possibility to import equipment (including table and kitchen ware, linen, elevators etc.) free of duty for hotel development. Haiti expanded the list of products for sale to tourists at a flat rate of 5 per cent, a measure which was introduced in 1955.

In this connexion it may also be mentioned that an international agreement sponsored by the United States on the duty-free importation of tourist publicity material came into force on 28 June 1956, three months after the ratification by the fifth country, namely Austria. The countries which had previously ratified the agreement were Belgium, Denmark, Japan and the United Kingdom. Subsequently Switzerland became the sixth party to the agreement, which provides that advertising and display material concerning tourist traffic can be imported duty free into the territory of the member countries. This agreement was concluded in the form of a Protocol adopted by a United Nations conference in June 1954 when it became clear that the Convention relating to the importation of Tourist Publicity Documents and Material would not come into force for some time. Only ten countries had up to that date declared their intention to accede to this Convention, which requires fifteen accessions before it can enter into force.

Reductions in the interest of public health

Among the tariff reductions introduced for other than commercial reasons, the reductions in the interest of public health play an important rôle. Argentina freed from import duties raw materials for the preparation of streptomycin if accompanied by a certificate of the Ministry of Social Welfare. The Argentinian Government also issued an extended list of medical specialties on which duty reductions by thirty and sixty per cent are granted if the imported products are used for manufacturing pharmaceutical products. Chile freed from duties certain chemical products used in the production of
Ecuador granted duty-free treatment for imports of insecticides and parasiticides. El Salvador freed from import charges all anti-malaria preparations as well as the materials used in the production of such medicines. France temporarily suspended the duty on sarkomycine and on certain veterinary vaccines. In April, Germany suspended the 25 per cent duty on cortisone and its derivatives. India reduced the import duty on mixtures of sulphur drugs and human plasma. In the budget for 1956/57, Pakistan reduced the import duty on drugs and medicines, and Peru freed medical instruments used in hospitals from all import charges.

**Reduction in the interest of education and public information**

In 1956, Finland brought into effect the provisions of the Agreement on the Importation of Educational Scientific and Cultural Materials. This Agreement provides for the possibility of duty-free importation of books, publications and certain listed educational, scientific and cultural material. The Agreement is now applied by the following twenty-two states: Cambodia, Ceylon, Cuba, Egypt, Finland, Greece, Haiti, Israel, Laos, Luxemburg, Monaco, the Netherlands, Pakistan, Philippines, Salvador, Spain, Sweden, Switzerland, Thailand, United Kingdom, Viet-Nam, Yugoslavia. Furthermore the agreement is operated by decree by France and Belgium. Reductions of import duties on educational, scientific and cultural material were also granted within the 1956 Tariff Conference by fourteen countries. The United Kingdom introduced a new law providing relief from import duty for all films, microfilms and sound recordings produced by the United Nations or any of its Specialized Agencies.

Reductions in the interest of public information took place in India, which freed newsprint from excise duty in August 1956, New Zealand, which temporarily suspended the import duty on imported newsprint, the Sudan, where the duty on newsprint was abolished by the Budget Law of 1956-1957, Syria, where the duty on microfilms was reduced, and finally Venezuela where, by a decision of the Minister of Finance, the import duty on printing paper was suspended for the year 1956.

**Increase of import duties**

Increases for economic policy and similar reasons, a bill was passed in Australia in March 1956 to assist in the balancing of external accounts. In the tariff field the customs and excise duties on beer, spirits, tobacco and petrol were increased. Also, in the interest of the balance-of-payments situation, Iceland increased the surcharge levied on specific duties from 250 to 340 per cent and the surtax on ad valorem rates from 45 to 80 per cent. India too had recourse to stringent new taxation measures towards the end of 1956 to protect foreign currency reserves which had declined since March as a consequence of the increasing requirements for the development of domestic industry. The duties on a great number of items, including many luxury products but also textile manufactures, electrical and photographic instruments as well as clocks and watches, were increased considerably. To maintain equilibrium in the balance of payments by slowing down the demand for imported products, Greece, which liberalized most of its imports in conformity with the OEEC recommendation, had recourse to tariff increases on a very great number of
items. Ireland, which had to face great economic difficulties in the period under review, increased duties by the Budget Law on not only fiscal items, such as tobacco, petrol and certain mineral oils, but also on a great number of products to stop over-spending on imported goods. Many of these increases, which very often were made effective by administrative decisions under Emergency Imposition Orders, affected such essential goods as textiles and other raw materials as well as agricultural machinery. Israel increased a great number of tariff rates, mainly at the beginning of 1956, to reduce the quantity of imports financed by means other than by governmental allocation of foreign currency. The Philippines - as reported in the annual report of 1955 - increased the tariff rates with effect from 1 January 1956; the increases vary from one third on some items to ten times the former duties on luxury products. The United Kingdom when the import trade returned to private hands, introduced on pig meat, bacon and ham a 10 per cent ad valorem duty. This action was taken in conformity with a reservation by the United Kingdom in connexion with a tariff concession granted on this item.

In this context mention should be made of the tariff increases which followed the termination of commercial agreements. The Belgian Government denounced the Convention of 1953 with the Federal Republic of Germany concerning the Belgian Congo and restored the previous duties on the twenty-two items concerned with effect from 1 January. In April Japan discontinued the application of most-favoured-nation duty rates to goods imported from Costa Rica, El Salvador, Ethiopia, Honduras, Iraq, Liberia, Mexico, Panama, Saudi Arabia and Venezuela.

Increases to Protect Domestic Industry - Among the tariff increases intended to afford additional protection to the domestic industry those affecting textile duties were probably the most important. This indicates that the instability of the textile market still existed in the period under review. To enumerate only a few examples: Australia increased duties on continuous filament acetate rayon yarn and various types of fabrics, Denmark on many types of yarns and material, Ethiopia on certain silk and rayon yarns and various kinds of clothing, hosiery and piece goods, India on a great number of cotton fabrics, Indonesia on cotton weaving yarns, Iraq on cotton grey sheeting, and Peru on wool textiles and many other textile products. The Federation of Rhodesia and Nyasaland imposed higher duties on certain clothing, underwear, shirts and cardigans, and the Union of South Africa on winter sheeting, certain kinds of clothes and knitted goods. Finally, the United States, acting under the so-called escape clause procedure, increased the duties on towelling in July. Further, in September the President ordered an increase in the duties on woollen fabrics from the previous level of 20 to 25 per cent to 45 per cent, maintaining unchanged the specific part of these mixed duties which ranges from 30 to 37\(\frac{1}{2}\) cents per lb; this increase, however, applies only to imports in excess of a fixed quantity which cannot be less than 5 per cent of the average of the United States production. This action was taken under a reservation to the GATT concessions previously granted by the United States on those items.
The tariff increases in the interest of other industries were of limited importance and affect such a variety of products that they do not reflect any general trend.

Increases to protect agriculture and fisheries - Since 1945 an increasing tendency to give special treatment to agriculture within the general framework of economic policy may be noted in a great number of countries. The following examples illustrate this tendency. Ecuador increased the duty on powdered and canned milk; Ethiopia on raw cotton; and Finland on sugar and certain tinned fish. France withdrew the suspension of duty on certain vegetable oils and horses and horse meat and replaced the suspension on hydrogenated whale oil by a tariff quota. Guatemala increased the duty rate on certain fats and oils. Israel introduced an import duty on cotton. Haiti increased the duty on poultry. Japan reintroduced a duty on soya beans. New Zealand increased the duties on jams and jellies; Peru on canned fruits and vegetables and certain types of condensed milk; Sweden on liver and tongue; and Syria on certain oils and flour products. The United States provided that the duty on tuna fish canned in brine should automatically increase from 12½ to 25 per cent ad valorem whenever imports exceed 20 per cent of the United States production in the previous year. Similarly the duty rates for so-called white or Irish potatoes imported beyond the tariff quotas were increased in October.

Increases for fiscal reasons - It is often difficult to identify the tariff changes which are made effective for fiscal reasons, especially in countries which rely on the customs for their main budgetary income. Some tariff changes, however, are obviously intended solely to provide increased revenue. Such changes in 1956 include the following increases of import duties: British Honduras on petroleum products; Corsica on tobacco and tobacco products; Dominican Republic on spirits and liquors; Egypt on coffee; Israel on cocoa and petrol; Jamaica on beer; Nigeria on wines and spirits, matches, tobacco and perfume, the Federation of Malaya on some eighty products, including air conditioning machinery, photographic cameras, clocks and watches; Singapore on liquors and petroleum; Sudan on petrol and perfume; and the United Kingdom on tobacco and tobacco products.

Anti-dumping duties - Relatively few anti-dumping duties were imposed in 1956 although an increasing interest in dumping and associated problems was evident and a number of countries including the United Kingdom are preparing new legislation in this field.

The Philippine Government declared in the period under review that no duties can be levied without initial steps being taken by local industries affected. Four grounds on which an anti-dumping complaint may be filed were enumerated: under-valuation, injury to local industries, imports in restraint of trade and unfair methods of competition. In the United States changes in the anti-dumping provisions are under consideration. Section 5 of the Customs
Simplification Act of 1956 required the Secretary of the Treasury, after consulting with the Tariff Commission, to review the operation and effectiveness of the Anti-dumping Act of 1921 and to report to Congress with recommendations for any amendment considered desirable or necessary to provide for greater certainty, speed and efficiency in the enforcement of the Act.¹

A general problem of great importance once more became visible in the period under review which might be mentioned in connexion with the anti-dumping duties although such charges clearly are to be distinguished from s.d. duties under the GATT definition. This problem arises in connexion with imports from state-trading countries, and some governments have taken measures of protection against low-priced imports from such countries regardless of the (usually unknown) home market price. Canada concluded a trade agreement with the USSR in February 1956 which provides, inter alia, that the Canadian Government may establish values for ordinary and special import duties on Russian products taking into account the prices of similar goods imported from third countries. This procedure is intended to cope with low-priced imports. In India the establishment of a State Trading Corporation was intended, at least in part, to deal with the problem of imports from state-trading countries, although the Corporation is empowered to carry on trade with any country.

In only a few countries and in only a few circumstances has recourse been taken to the imposition of individual anti-dumping and similar duties. Australia decided in June to levy anti-dumping duties on some chemical products. Canada, on the other hand, prolonged until 8 May 1957 the suspension of countervailing duties on French products which enjoy the refund of social and fiscal charges. It also suspended the anti-dumping duty on bath fixtures imported from the United States. The application of anti-dumping provisions by the Philippines Government on electric bulbs, fluorescent lamps and fixtures led to the return of such products to the country of origin. The greatest number of cases of the levy of anti-dumping or similar duties is reported from the Union of South Africa. Special anti-dumping duties were introduced on leather from countries not enjoying most-favoured-nation treatment; on British electric motors and certain switchboards; on capsules of aluminium foil for bottles from Benelux; and on household china from Japan. In October anti-dumping duties were levied on bath-tubs imported from Czechoslovakia, France and the Federal Republic of Germany. In the same month, a temporary special duty on certain canvas piece-goods was made effective. In November, anti-dumping duties were imposed on certain DDT products imported from the United States, Italy and East and West Germany. A special duty was imposed on certain towels from Japan and Hong Kong and an ordinary anti-dumping duty on certain sheeting and knitted fabrics if imported from Czechoslovakia, Eastern Germany, Hungary, Poland and on certain of these products from Benelux. On the other hand, the anti-dumping duties were removed from British nylon stockings. The United States withdrew the anti-dumping duty, levied in 1954.

¹The report was submitted in February 1957.
on hardboard from Sweden in so far as five of the twelve original Swedish exporting firms were concerned. It is interesting to note from the foregoing that only countries which require a declaration of foreign domestic value in connexion with their customs valuation system had recourse to anti-dumping duties. The reason for this may be that only these governments ordinarily obtain the necessary information for the application of such duties.

Customs unions and preferences

Territorial adjustments - In the period under review the former French and Spanish zones of Morocco and the international zone of Tangier were joined together to form a new independent State, though for the time being the fiscal systems, including the customs arrangements, of the three territories remain in force. As recorded in last year's report, the customs union agreement between France and Tunisia entered into force on 1 January 1956, the new common tariff being applied to imports from third countries. In October, the political and economic future of the Saar was agreed upon by the Governments of France and Germany. Politically, the Saar became part of Germany on 1 January 1957, but will remain within the French customs territory until 1 January 1960. During the interim period, Germany permits the duty-free importation of most Saar products, and even after the expiry of this period, the exchange of products between the Saar and France will enjoy, within certain limits, duty-free treatment, thus creating a kind of economic condominium of Germany and France.

Customs unions and free-trade areas - In Western Europe, developments of outstanding significance have taken place in the past year tending towards economic integration and customs union. Most important, in view of the large area that would be affected and the amount of trade involved, are the plans, yet to be completed, for a European Economic Union of the Benelux States, France, the Federal Republic of Germany and Italy; and for a European free-trade area comprising not only these six States, but also other members of the CEEC. The Benelux countries took an important step towards the completion of their Economic Union in May 1956, so that practically all goods of Benelux or other origin now move freely in the Benelux area subject only to minimum price controls for certain agricultural products.

In 1956 Nicaragua notified the CONTRACTING PARTIES to GATT of its intention to join, with its sister Republics - Costa Rica, El Salvador, Guatemala and Honduras - in forming a Central American free-trade area. The draft treaty provides for freedom of trade in specified products and envisages the eventual formation of a customs union. Furthermore, in August, Guatemala and Honduras signed a treaty of free trade and economic integration, which, like most of

1 The Agreement was signed on 25 March 1957

2 See page ....
the agreements in this area, is a "list agreement", in that only products listed can move freely between the partners. The list, however, seems in this case, as in other bilateral free-trade agreements in Central America, to comprise most of the trade between the two countries.

Preferences - Recommendations adopted in past years by the Arab League have led to many preferential concessions between Egypt, Iraq, Jordan, Syria and Lebanon. Economic experts of the Arab League, at a meeting in August 1956, adopted proposals including provision for the removal of tariff barriers between these States. On 5 August Syria and Jordan signed a customs union agreement which goes as far as to provide for a currency unification; this agreement has been approved by the Syrian Chamber of Deputies and by the Jordanian Cabinet.

Among the changes affecting existing preferential arrangements, the most important is the agreement of 9 November 1956 between Australia and the United Kingdom to replace their Ottawa Agreement of 1932. One of the results will be a reduction in the preferential margins granted by Australia.

Some further changes affecting France took place in her relations with the Associated States of Indochina. The preferential agreements with Cambodia and Laos were extended through 1956. The list of products on which France grants preferential rates includes various fresh and preserved fruit, fats and oils, tea and pepper. The preferential arrangement between France and Viet Nam has been replaced by most-favoured-nation treatment, but in August France re-introduced preferential duties on tea.

Other charges on imports

The changes in the field of import charges indicate in most instances a tendency toward increased rates. It has, however, to be taken into account that import charges, although they may serve the same purposes as import duties, are in many cases of a temporary nature.

Import taxes levied for balance-of-payments reasons - In Argentina, where at the end of 1955 a new import tax on automobiles had been introduced in connexion with the suppression of the licensing system, it was decided in the period under review that this tax was to be gradually removed by quarterly stages of 5 per cent beginning on 1 January 1957 until its complete abolition in October 1961. Ecuador decided in August to impose a 20 per cent surcharge of the duties on goods included in the category of essential products, and 40 per cent on other duties if the goods are imported from countries with which Ecuador has an unfavourable balance of payments; after various changes in the list of such countries, at the end of the year the charge was levied only on imports from the United Kingdom, other Commonwealth countries and Japan. France maintained the special temporary compensation tax, which was introduced in April 1954 in connexion with the liberalization of certain products imported from OEEC countries. In the period under review some rates were reduced and some newly
liberalized products were made subject to the tax. Guatemala, like Ecuador, increased its charges on balance-of-payments grounds levying a surcharge of 100 per cent of the duty on all imports from certain countries, including Czechoslovakia, Japan, India, Hong Kong, Poland and Uruguay. Certain products, however, are exempted from this tax regardless of their origin. Indonesia, which reformed its tax system in 1955, replacing the various charges by a uniform surcharge of 50 to 400 per cent on four groups of items, made a further change with effect from 1 September 1956. The items are now divided, in addition to a free list, into eight groups with rates from 25 to 400 per cent. In March Ireland imposed, in order to correct the serious deficit in the balance of payments, a special tax on an extensive list of products which amounts in most instances to 37% per cent m-f-n and to some 25 per cent preferential.

Import taxes levied for protectionist reasons - Belgium introduced a special tax on a specific basis in connexion with the issue of import licences on oxen and steers. In October, Peru introduced a new 20 per cent tax on certain textile products. The Philippines Government introduced in January 1956 a general 17 per cent import tax which will decrease by one-tenth every year. Probably the most far-reaching change in the field of taxation is to be reported from Sweden, where a great number of agricultural products (cattle, meat, milk and milk products, eggs, wheat, flour, potatoes, malt, starches, sugar, certain preserves, etc.) have been subjected to a new taxation system, replacing the customs duties and quantitative restrictions previously in force, under which imports are taxed if valued below fixed medium prices. The reason for the introduction of this system is to ensure the income of the farming population and it is reinforced by the possibility of imposing quantitative restrictions in case the tax alone does not prove effective enough to that end. Switzerland, for price-fixing reasons, permits certain agricultural co-operatives to levy price equalization charges. The rates of these charges on certain feeding-stuffs were revised with effect from July. In April Switzerland re-introduced a postal royalty, suppressed in July 1954, as a tax on Swiss periodicals printed abroad. Finally, the United States of America prolonged the existing sugar tax until June 1961.

Import taxes levied for fiscal reasons - The Ethiopian Government increased in September the import transaction tax from 10 to 12 per cent. In Madagascar, the development tax was raised from 6 to 7 per cent. The Singapore Parliament voted in November in favour of the imposition of luxury taxes; a tax levied by the Government must be approved by the Assembly within seven days. Thus far, mainly certain motor-cars are affected, but this is of special interest as the tax falls only on imported products and therefore alters the traditional free-trade policy. Syria, to deal with financial difficulties, increased a great number of taxes and introduced a customs surtax of 17.5 per cent levied on all products entering Syria.

Equalization fees levied for internal charges - In the field of internal taxes which affect imported products only minor changes took place. Belgium which had introduced in March 1953 an additional transmission tax to be levied on imported products so as to equalize the higher tax burden on internal
producers, removed most of its surcharge rates during the period under review but reintroduced many such rates at the end of 1956. Denmark altered its internal taxes on wines, where the 43 per cent ad valorem rate was replaced by specific rates on many perfumes and toilet preparations, where the ad valorem rates were increased, and finally on chocolate, confectionery and spirits where the specific rates were reduced. In September 1956 France introduced an internal tax on passenger automobiles which was the subject of complaint by the United States Government since it fell exclusively on the heavier type of cars produced mainly in the United States. Italy, which applies slightly higher rates of the general turnover tax on certain imported products, reduced the rates on beer, medicinal specialties, dried fish, furs and fur skins and increased those on mineral fuel oils; the reduction of the rate on medicinal specialties from 6 to 5 per cent disposed of a complaint by the United Kingdom brought forward in 1955. The Netherlands which maintains a different tax system from that of Belgium, changed the turnover tax with effect from 1 January 1956 by providing for rates increased up to seven points on imported products to compensate for charges paid by the domestic producer at previous stages of production. Switzerland, where the internal taxes on imported products have been levied on the same basis as on domestic products, decided in May to levy the taxes on imported beer and tobacco on an ad valorem basis though this was not intended to lead to higher returns. In Turkey, a law was adopted to replace the existing transaction and consumption taxes by a uniform expenditure tax which will equally affect imported products. This new tax, which will become effective in 1957, distinguishes between four groups of items with various rates depending on the essentiality of the product imported.

Export duties

In 1956 there were few changes of importance in export duties due to the stable prices for the commodities on which export duties are levied. Of the changes of a more general importance, reference may be made to Argentina which in July revised its classification of foreign countries for the purpose of assessing export taxes. Countries are now grouped in three categories: (i) mainly those belonging to the dollar area, for which the export duties are calculated on the basic price; (ii) including the Federal Republic of Germany, Japan and the USSR for which the basic price is increased by 1 per cent and (iii) all other countries, for which the basic price is increased by 4 per cent. Egypt introduced in January 1956 a general export tax of 0.05 per cent which is levied to provide revenue for the municipalities. Jordan, to encourage its export trade, reduced the general 2 per cent export tax to 0.5 per cent. Switzerland abolished the system of export permits for all waste and used materials except for iron and aluminium scrap and introduced consequently new export duties in February 1956.

Coffee, tea, cocoa - In conformity with the generally stable price situation on the world market for coffee and tea, there were very few changes to be reported. Kenya withdrew its export charge on coffee in July and Mexico slightly lowered its export duty in October. Changes in export duties on tea
occurred in India, which had introduced in the previous year a sliding duty automatically following the export price: the changes in 1956 were, however, limited to increases and decreases between 6 and 8 annas per pound. On the other hand, there was a continuous decrease in the price of cocoa, and, consequently the export duties were reduced in Ceylon from 40 to 25 per cent in July 1956, and in French Equatorial Africa from 22 to 10 per cent in March - a measure, which was offset, however, by the introduction of a new export tax to support a special development fund for cocoa. In the Belgian Congo, the new export duty of 10 per cent on cocoa beans, introduced in February, was reduced to 6 per cent in May.

Various agricultural products and foodstuffs - Australia reduced its export charges on eggs in July. The Belgian Congo suppressed the export duty on certain types of rice in September. The French Cameroons reduced the duty on bananas in March. Iraq, in connexion with and in consequence of its tariff reform considerably reduced the export duty rates on most agricultural products. Mexico reduced its duty on vanilla and suppressed it on vinegar in jers. Morocco suspended its duty temporarily on barley in July. Colombia, on the other hand, introduced an export levy on bananas in favour of a development fund. The Dominican Republic increased its duty on sugar and on certain cocoa products. Madagascar introduced a supplementary duty on certain types of rice and Mexico introduced an export duty on maize. Jordan abolished all export duties on home manufactured tobacco to encourage exports.

Textile raw materials - The slight increase in cotton and wool prices during 1956 did not lead to increased export duties; on the contrary there were a number of reductions. The Belgian Congo reduced its duty on cotton from 12 to 10 per cent in May and on spinning waste from 8 to 3 per cent in September. Iraq reduced the rates on cotton and wool. Kenya withdrew the export tax on cotton in July. Peru suspended its export duty on wool in April and on cotton grown in a certain part of the country in July. India abolished the export duty on coarse cloth, but increased the duty on certain types of cotton in December.

Rubber - The decreasing price of rubber in the period under review led to the removal of the high export duties which Indonesia had introduced in the beginning of 1956, but in September the rate of 0.03 rupiah per kilo which had been in force at the end of 1955, was reestablished. Ceylon, to increase the income of the Rubber Rehabilitation Board, increased the rate of its export tax several times.

Ores and metals - The increase in prices of iron and steel had no visible effect on export duties in the period under review. The price reductions for copper and lead, however, resulted in some reductions. The Belgian Congo reduced the export duties on niobium and tantal ores as well as on cadmium and copper wire. Ceylon reduced the export duty on graphite. Chile reduced the currency surcharge on a great number of minerals and metals, including chloride of sodium, lead ores and metallic lead, copper ores and bars, manganese ores, etc. India, on the other hand, reintroduced the duty on manganese ores in September, and Mexico imposed an export duty of 25 per cent on these ores in March.
Various industrial products - Mainland China reduced the export duty on wood oil and India exempted linseed oil in the period under review. Portugal, on the other hand, introduced an additional export duty on sulphurized olive oil. Afghanistan reduced the export duty on Persian lamb furs in October from 15 to 7.5 per cent. France suspended the export duty on certain waste of raw hides and skins, which had been reintroduced in March. France also extended the export duty exemption for timber, except oak beams, beyond 30 September, while the Dominican Republic introduced an export tax on certain types of wood.

Customs formalities

Consular formalities - No change of importance is to be reported in the field of consular formalities. The CONTRACTING PARTIES to GATT extended, however, their recommendation that all such formalities should be suppressed. Nine of the contracting parties still normally require consular invoices or consular visas, namely Turkey and the eight countries in Latin America - Brazil, Chile, Cuba, the Dominican Republic, Haiti, Nicaragua, Peru and Uruguay - which like practically all Latin American countries still have recourse to consular formalities. The consular invoices generally serve a fiscal purpose as well as to control the origin and the value of products imported, though in Peru there is no fiscal aspect as the fees levied are normally only $1 and in no case exceed $2 per certification.

Certificates of origin - The contracting parties to GATT have generally conformed with the recommendation of 1953 that certificates of origin should be required only when they are strictly indispensable. A few changes in the relevant regulations in 1956 might be noted. Austria introduced a requirement of certificates of origin for United States or Canadian products freed from quantitative restrictions. In consequence of the introduction by Belgium of special duties on certain imports from state trading countries in December 1955, it was provided in January 1956 that like products imported from other countries were to be accompanied by certificates of origin. In April 1956 Colombia suppressed the requirement of certificates of origin entirely. Greece freed commercial samples and material brought in by air if under a fixed maximum value. In Japan, where the decision of 1955 to require such certificates created a number of difficulties in application, new regulations were issued with effect from January 1956. These new provisions limit the obligation to present a certificate to cases where the form and quality of the product leaves doubt about the origin. The Government of the Kingdom of the Netherlands requests certificates for all imports of products liberalized if imported from European countries, but the practical use of this obligation is limited to matches and a few chemical products, including coal tar dyes and certain glues.

Marks of origin - The International Chamber of Commerce, at its Tokyo Congress in 1955, recommended international action to ensure that marking requirements will not lead to administrative barriers to trade. This recommendation is being studied by the CONTRACTING PARTIES to the General Agreement. In a few instances the national provisions have been altered in the period under review. Canada re-issued the marking requirements,
enumerating twenty-nine groups of articles which cannot be imported unless the
origin is clearly marked. For some of these items, however, the marking
obligation will become effective only in 1957. The United Kingdom added
oil-burning appliances to the products which have to be marked. The United
States changed the marking requirement for carpets in rolls which in future
will have to bear the indication of the country of origin along the whole
selvage.

Temporary importation - Many countries allow the temporary import of materials
duty-free for processing, etc., while others require the payment of duty
subject to draw-back. A new provision for permitting duty-free admission
of goods imported for repair or processing and intended to be re-exported was
introduced in Australia. This new provision facilitates such importation due
to the fact that no deposit or guarantee is required. Cuba re-introduced
the 10 per cent tax on otherwise duty-free products imported for industrial
purposes but provided at the same time a drawback system for this tax. The
Federal Republic of Germany re-issued in July a very extended list of products
which may be temporarily imported duty-free for processing. In September,
the third law changing the German customs provisions became effective,
providing in connection with the temporary importation for processing for a
relaxation of the so-called identity principle; in future the imported product
must not necessarily be marked throughout the processing so long as it can
be proved at exportation that the imported material was included in the
exported product. To reduce unemployment in Tunisia the possibility to
import products duty-free under temporary admission procedures has been
extended and a great number of products have been added to the list of goods
so admitted.

Free harbours - There has been a tendency in the period under review to create
free harbours and free zones for the trans-shipment of foreign products.
Austria opened a free zone in Solbad Hall which became operative
in December. Chile permitted the establishment of certain industries, namely
for bicycles, electric batteries, textiles and the assembly of delivery vans,
in the newly-created free harbour of Arica. The Government of the Dominican
Republic empowered the administration to create free harbours or free zones
in which foreign products might be deposited, exhibited, divided, re-packed,
cleaned and assembled; such products may be imported into the Dominican
Republic after payment of duties. The Government of Italy decided to re-open
the free harbour of Bari which had been closed since 1939. The Government of
North Borneo granted to the island of Labuan the status of a free harbour in
September; the customs status of this island thus becomes similar to that of
Singapore. The only products subject to duties will be tobacco and tobacco
products, spirits, and petroleum products. Finally, by a decree of 26 June,
the Government of Spain authorized the creation of a free zone in Algeciras
under the jurisdiction of the Minister of Finance.

Valuation for customs purposes - The Brussels Cooperation Council continuously
elaborates its interpretation of its definition of customs value as laid down
in the so-called Brussels Customs Definition (Valuation Convention of
15 December 1950), in order to arrive at a uniform application, and its
Valuation Committee issued a number of "opinions" in the period under review.
Austria introduced the Brussels provisions in February 1956. The Federal Republic of Germany and Italy brought their legislation more closely into conformity with the Brussels Definition. Greece created a special Board, under the supervision of a commission in which the Head of the local customs office participates, to check the declared values.

From countries which are not members of the Brussels Cooperation Council, there are two developments to be reported: India altered its valuation system so that the assessment of value will be based on the value of the imported product on the Indian market instead of on the value at the time of importation; in practice the assessed value will be the sales price on the Indian market minus 20 per cent to take account of the expenses after importation. The system of fixed values for a number of basic products, which are announced as often as necessary to keep pace with price developments, will be maintained. In the United States the President signed the Customs Simplification Act of 1956 in August. This Act provides a new method of valuation for customs purposes for imported products. In future the basis is to be "export value" on the foreign market instead of "foreign value" (meaning the value of the product on the domestic market of the exporting country) or in some instances a choice of various values obliging the customs officer to take the value which leads to the higher return. This law, however, has not been put into effect since Congress made a reservation that the old system of valuation should be maintained on all products for which the introduction of the new system would lead to a reduction of the tariff incidence by more than 5 per cent, and the list of these items has not yet been compiled.

Special Treatment of Samples - The number of countries adhering to the International Convention to Facilitate the Importation of Commercial Samples, which was drafted by the CONTRACTING PARTIES in 1953 and came into force in November 1955, increased in 1956 from 15 to 22. The following seven governments adhered in 1956: Australia, Austria, Czechoslovakia, Federation of Rhodesia and Nyasaland, Portugal, Turkey and Yugoslavia. In the period under review the parties to the Convention were called upon to resolve a question of interpretation which had led to some difficulties in application. Some parties to the Convention were of the opinion that the term "samples" could not include miniature models or articles made of materials inferior to those of the product for which orders were to be sought. At a meeting in November 1956 the parties to the Convention agreed that the term "samples" should be interpreted in the sense of "representative samples".