Attached is a draft of the section of the abridged GATT annual report for 1957, dealing with developments in the field of customs tariffs.

Any comments on this draft should reach the secretariat not later than 1 September 1958.
BARRIERS AND CONTROLS IN INTERNATIONAL TRADE

CUSTOMS TARIFFS

During the period under review, there have been no substantial changes in the level of tariffs but there has been in certain countries a complete change in their tariff situation, mainly in such instances where the developing economy has obliged governments to look at the efficacy of the tariff. On the other hand, a large number of countries, without changing the level of protection, have found it necessary to adopt a systematic nomenclature.

Finally, the creation of larger economic units, as exemplified by the establishment of the European Economic Community and the various discussions relating to the European Free Trade Area in the OEEC, the studies relating to the creation of a Regional Market in South America, will affect the tariffs in the years to come.

As regards export duties and charges the depreciation on the world market on primary products and the falling of prices had led generally to lower rates so as to enable the producers to sell their products without too high additional charges.

Tariff Reforms

This chapter refers to reforms which affect the substantive part of the customs tariffs both as regards nomenclature and duty rates and the changes which affect only isolated items or groups of items are examined in a special chapter.

Europe

One major tariff reform was completed in 1957, namely the creation of the new tariff in the Federal Republic of Germany, which became effective on 1 January 1958. This customs tariff which is a complete adaptation of the Brussels Tariff Nomenclature, reproduces only the lower duty rates which have been reduced previously by administrative action, and not as before the legal rates.

Insofar as some other European countries are to be mentioned which are considering tariff reforms the stages of the development in the period under review vary greatly. In Austria, a full revision of the customs tariff has been envisaged aiming not only at the introduction of the Brussels Nomenclature but also at a full revision of the tariff rates replacing the old, mostly specific, duties, by ad valorem rates taking into account the present economic situation. This revision which led to a new tariff to become effective on 1 September 1958, however, could not be completed in 1957, mainly due to the difficulties which arose in connexion with the new duty rates for agricultural products. Also Sweden considered a tariff reform
which, like that of Austria, aims at the introduction of the Brussels Nomenclature and the revision of the tariff rates. This revision which has not yet led to the adoption of a new tariff, encountered difficulties in 1957 mainly due to the fact that the new Swedish tariff should be brought in conformity with the plans for a common Scandinavian tariff, not finalized at that time. In Switzerland, a draft tariff was adopted in 1957, to serve as a basis for the tariff negotiations to be conducted in connexion with the accession of Switzerland to GATT. The new tariff, which also uses the Brussels Nomenclature as a basis generally provides for specific duty rates which are 10 to 50 per cent higher than the previous rates. In the United Kingdom, great progress was made during the period under review towards the modernization of the customs tariff, aiming at a replacement of the various laws by a systematic tariff based on the Brussels Nomenclature. It has been noted, however, that this project, which will become effective only early in 1959, is directly related to a reorganization of the Nomenclature, avoiding any significant change of duties.

Greece, Italy and Spain have indicated their intention to review their tariffs. In the case of these countries the aim is also to adopt the Brussels Nomenclature. In this connexion Italy extended the general powers granted in 1954 to reduce or suspend incidences of tariff rates until 31 December 1958.

In Poland and Yugoslavia where no customs tariffs are in force a certain interest in the problem of duty rates has become evident. A Yugoslav communiqué of October 1957 indicated the intention of the government of setting up a commission to draw up a Yugoslav tariff system. In Poland the only existing duty charges on imports have been abolished or reduced on a number of products, thus giving encouragement to imports through private channels.

North America

A review of certain tariff chapters in Canada which were considered not to conform with the recent technical developments has been undertaken. In 1957 the schedule for primary steel products was revised. This revision, which in the view of the Canadian Government does not alter the general tariff level, has led to a great simplification by introducing basic rates; for hot-rolled products these are 10 per cent most-favoured-nation and 5 per cent preferential. In the United States the need for modernizing the tariff nomenclature became evident and the Tariff Commission pursued in the period under review this task with which it has been charged by the Customs Simplification Act of 1954.

Latin America

The most important event in the field of tariff reforms was the introduction of a new customs tariff in Brazil. Without adopting fully the Brussels Nomenclature the new tariff follows closely the structure of this nomenclature. The new duty rates which vary from duty free and very low rates
for essential products and rates up to 150 per cent, became effective on the date of the introduction of the tariff. Under a waiver granted by the CONTRACTING PARTIES to GATT in November 1955 these rates are operated also if they are higher than the concessions granted to GATT countries. Tariff negotiations with the members of GATT for adjusting these rates went on in 1957 with a tendency to compensate for the concessions granted by Brazil. A great advantage resulting from the Brazilian tariff reform is that the auction system by which foreign currencies are attributed to exports have been simplified and will consist in future of two categories only. Further, the requirement of consular invoices has been replaced by the requirement of a consular visa on the commercial invoice, a procedure which traders consider less burdensome. At the same time the discrimination concerning the payment of internal taxes on imported products has been removed.

Another important tariff reform is that of Cuba which came into force in spring 1958. The new Cuban tariff is based on the Brussels Nomenclature and is a two column tariff consisting of a general column and a column for contractual rates. Cuba, however, does not envisage bringing the second column into effect before the concessions bound in the GATT Schedule are renegotiated.

In Panama, as in Cuba, the tariff reform was concluded in 1957 but the tariff became effective only on 1 January 1958. The new tariff is based on the Central American Customs Nomenclature and follows a pattern to the other new tariffs in Latin America, namely by providing for low rates on essential products and high rates for non-essential goods.

The import tariff of Bolivia underwent, in the period under review, such thorough changes that it should be regarded as a virtual tariff reform. The changes affected the new tariff of December 1956, by which - for various reasons but particularly for fiscal considerations - very high duties had been established. The changes provide for a number of reductions of rates. Many essential food items will be duty free. Raw materials and certain industrial machinery will no longer have to pay duties higher than 10 per cent. Normal protective duties, including duties on some food products, vary between 20 and 75 per cent. Luxury products, however, will also in future be charged at very high rates up to 300 per cent. Of particular interest in connexion with this reform is the introduction of a flexible rate of duty on sugar which adapts itself to world market prices.

In Chile the Minister of Finance nominated a Commission for reviewing the existing situation in the field of duty rates. Although the Colombian Government announced that the tariff reform aiming at a replacement of the multiple foreign exchange rates has been almost completed, no confirmation has been received that the new tariff has become effective. From Venezuela it is reported that a draft tariff prepared by the Finance Minister has been

1 Complaint action, see Part III, page ...
transmitted to representatives of the industrial and agricultural organizations for study. It is further reported that this tariff no longer provides general duties for tariff classes, but individual rates for each product. The duty rates which will remain specific will, however, no longer be based on gross weight but on the net weight.

A tariff reform was completed in Netherlands Surinam. The new tariff became effective on 14 January 1958. It is based on a systematic classification of products which generally follows the Brussels Nomenclature, but departs from it in a number of instances for the purpose of simplification. The new tariff rates are generally higher than the previous rates, but it should be noted that the former 4 per cent surtax is no longer applied. The tariff, which is mainly an ad valorem tariff, provides for protective duties of about 25 to 30 per cent. The duty rates on essentials are lower and on luxury items higher than in the old tariff.

Asia and Far East

On 1 July 1957 a revised customs tariff became effective in the Philippines. The main features of the new tariff are that the classification has been thoroughly revised and is based on the Brussels Nomenclature and that the most important products are subject to ad valorem duties based on the c.i.f. value of the imported product. There are, however, a number of products for which specific duties or mixed duties are provided. In the latter case the duty rate is applied (specific or ad valorem), whichever is the higher. The new tariff, which replaced the Tariff Act of 1909, provides for higher rates on luxuries and non-essentials than on basic raw materials and machinery, for which rates at an average of 10 per cent are provided.

In Syria all tariff rates have been reduced by approximately one-third of the previous rates; however, a duty of 1 per cent has been introduced on items which were previously duty free. This measure was mainly the consequence of the change of the basis on which the customs duties were calculated. The theoretical monetary parity was replaced by average currency rates determined by the Syrian Exchange Bureau. The tariff reduction therefore mainly compensated for the increase of the basic customs value which was the result of that measure. In Thailand the tariff structure was considerably altered by the Customs Tariff Act No. 8 of January 1957, by which the general duty rate of 25 per cent, which was applicable to all products not elsewhere mentioned in the tariff and which covered a large portion of the trade, was suppressed. In future such products will have to pay the duty rate provided for those products listed in the tariff to which they are most akin. From Indonesia it is reported that early in 1957 a scheme was introduced by which maximum duty rates, 100 per cent higher than the ordinary rates and 12 per cent for products which are duty free - may be levied - on products which are imported from countries which trade with Indonesia "unfairly", which means those who do not grant most-favoured-nation treatment to Indonesian goods or with whom no customs agreement has been concluded.
Africa

The Government of the Union of South Africa appointed a Commission to enquire into the adequacy of the tariff, and their proposals may very well lead to a tariff reform. In Ethiopia a general local import duty has been decreed on products which are imported into Addis Ababa. This duty will be 5 per cent on products for which a general rate of 40 per cent or more is provided, and 3 per cent on all other products. With effect from 1 January 1957 a new import and export tariff has been brought into effect in French West Africa and in Madagascar, both following (as Metropolitan France) the Brussels Nomocnacture.

Customs Unions and Preferences

Territorial Adjustments

The Agreement between the Governments of France and Germany concerning the political and economic future of the Saar which was negotiated in 1950 was brought into effect by various ordinances issued in the year 1957. All Saar products with the exception of some one hundred products can be imported duty free into Germany during the interim period (until 1960) in which the Saar, already politically part of Germany, remains economically linked with France. It is recalled that after the interim period when the Saar will become a part of the German economic system, duty-free treatment will be granted by France to most of the Saar products.

In Morocco, which comprises the former French and Spanish Zones and Tangiers, a uniform tariff has been introduced with effect from 5 June 1957. Before that date the Moroccan Government was bound by the 1856 Convention confirmed and extended by the Act of Algeciras of 1906 and modified by additional agreements which limited the Moroccan import charges to a uniform ad valorem duty of 10 per cent and an import tax of 2.5 per cent; so that it is only when Morocco was freed from those commitments that it could introduce a new tariff where the rates are not uniform, but are fixed in conformity with the essentiality of the imported product. The tariff provides for two columns, one for legal and the other for administrative rates. The highest legal rate is 50 per cent while the highest administrative rate is 40 per cent, the latter rate being applied in very few instances only. The system of duty-free import in effect at Tangiers has been maintained and the trade between Tangiers and foreign countries consequently remains free.

The situation concerning customs duties in the Federation of Rhodesia and Nyasaland was characterized by the fact that Nyasaland and the North Eastern section of Northern Rhodesia were made part of the territory covered by the so-called Congo Basin Agreement which provided for equal treatment of all imports into this area. By an Act of the Federation of Rhodesia and Nyasaland which became effective on 8 March 1957, this part of the area was incorporated into the customs territory and the tariff of the Federation, including the preferential rates granted to the United Kingdom and other members of the Commonwealth was made applicable to it.
Customs Unions and Free Trade Areas

The most important event in the field of customs unions in the period under review was the signature of the Treaty establishing the European Economic Community on 25 March 1957. This Treaty provides for a full economic unification of the Member States, consisting of the Benelux countries, France, the Federal Republic of Germany, and Italy in the field of duties and quantitative restrictions, after the end of an interim period which will last from twelve to fifteen years, as from 1 January 1958, until the Treaty becomes fully effective. The Treaty provides also that a number of overseas territories of Belgium, France and the Netherlands will be associated with the EEC. The products of these territories will enjoy all the advantages granted to the products of the Six in the Community but these territories will be authorized to maintain or introduce certain duties for revenue purposes or for assisting the development of new industries to be levied even on goods coming from the territories of the Six. The other OEEC countries have been considering the establishment of a Free-Trade Area between them and the Six, covering the whole OEEC region; these discussions have made considerable progress in 1957 without, however, arriving at a final solution, and those discussions were pursued in 1958 in the hope that a solution might be accepted before the first tariff reductions inside the EEC are carried out on 1 January 1959, as contemplated.

The idea that larger economic areas are necessary to stimulate adequate industrial development led to a very strong movement in Latin America for achieving a regional market in South America. Studies in that direction are mainly carried out by the Economic Latin American Commission of the United Nations and a group of experts have submitted early in 1957 a report containing the main principles in which such an integration should be carried out.

The efforts to achieve a free trade area in Central America are far more advanced. To the bilateral agreements already existing between Costa Rica, Guatemala, Honduras, El Salvador and Nicaragua, an agreement has been added in February 1957 between El Salvador and Honduras. The latter agreement has taken the place of the protocol of 1954, the interpretation of which had led to some difficulties and raised opposition in certain new branches of production which requested protection. The lists of products attached to the new agreement have been amended so as to indicate those products which are to enjoy duty-free preferential treatment in trade between the two countries.

The free trade area relationship existing since May 1952 between Guatemala and El Salvador has been confirmed by an additional protocol which became effective on 20 August 1957. By this protocol the existing free trade area agreement, which would otherwise have lapsed, has been extended for five years. The lists attached to this protocol, as in the case of all Central American agreements of that type, comprise those products which enjoy free treatment between the Member States and those which enjoy preferential treatment; in this particular case the latter list mainly includes fiscal items. This agreement also provides for the creation of a joint committee to prepare a uniform customs tariff, taking into account the special relations with other Central American countries.
The multilateral agreement in Central America aiming at a free trade area to which reference is made in the International Trade 1956, had not been adopted at the end of 1957. The text of this agreement, however, was reconsidered in this year; this text, which provides for the completion of the free trade area within ten years, has been approved in 1958.

The preparation of a study concerning the possibility of creating a Nordic Common Market which commenced in November 1954 led in the period under review to the submission of a report by the Committee for Scandinavian Economic Co-operation to the Governments of Denmark, Finland, Norway and Sweden. The report sets out a plan for the establishment of a customs union consisting of those four Scandinavian countries; it was contemplated in that report that the free flow of products would reach 80 per cent of the trade between the Scandinavian countries; the level of the common tariff was stated to have the same average incidence as the existing tariffs. The suppression of quantitative restrictions inside the Nordic Common Market is also envisaged. As for any undertaking of that size and importance, arrangements were provided for a transitional period.

Other regional Agreements

The European Coal and Steel Community set up in 1952 completed the five-year transitional period on 10 February 1958. At the end of that period all tariffs were diminished among the Six and the tariffs on coal and other imports from third countries were harmonized. This implies that the actual rates are not identical in the Six members of the Community, but are sufficiently near to avoid depreciation of trade. As a result of the harmonization, the general incidence of the tariff is lower than that of the tariffs in force before 1952 in the Community. The United Kingdom, which has a special consultation agreement with the Coal and Steel Community, reached on 24 October 1957 an agreement with the Six countries which led to a reduction by the United Kingdom on a wide range of iron and steel products from a current level of 15 to 33 1/3 per cent to a level of about 10 per cent.

Preferential arrangements

The most important change in the field of preferences has been effected by the trade agreement of Australia with the United Kingdom. This agreement opened the way to reducing most-favoured-nation duty rates on products which are admitted duty-free from the United Kingdom. The list, effective from 23 May 1957, by which such reductions were brought into effect, led to a substantial reduction of the preferential margins, affecting more than eight hundred items representing about one-third of Australia's imports.

In the United Kingdom the Board of Trade has published the Import Duties (Imperial Preference) Regulations 1956, which, without altering the existing situation aim in the main at simplifying the method for determining entitlement to preference. This is achieved by suppressing the need to submit more than one certificate of origin for goods which are made of products from more than one country.
In Portugal, a decree was issued in February 1957 which consolidates the provisions concerning the duty-free importation of Portuguese products into Portuguese territories. This decree provides an exception to the principle that Portuguese products are, on their importation into Portuguese overseas territories, dutiable in the same way as products from other sources. The unification of the Portuguese territories in one economic unit as envisaged by a law of 27 June 1953 does not, therefore, seem to have been realized yet. The duty-free interchange of goods among the Portuguese provinces has, however, been decreed with effect from 1 April 1957.

**Reductions of individual Duties**

**Reductions resulting from Bilateral and Multilateral Negotiations; Most-Favoured-Nation Treatment**

Under the procedures established by the GATT, a great number of concessions negotiated between contracting parties during the tariff conference in 1956 as in supplementary tariff negotiations became effective during the year 1957. Following negotiations with the United States, Cuba granted some new concessions which became effective on 29 June. Finland passed a bill authorizing the introduction of new rates on sixty-six items negotiated in Geneva in 1956; these became effective in January 1957. The tariff rates negotiated in 1956 by Germany, Japan, Norway, Sweden and the United Kingdom, became effective during the year 1957. As a result of negotiations under GATT procedures between the United States on the one side and the Benelux and the United Kingdom on the other, the United States agreed on 1 July 1957 to reduce duties on textile machinery, certain books, certain waterproof clothes, etc., as a compensation for the increase of a bound duty on certain types of towelling.

There are also a few tariff reductions to be reported which resulted from bilateral tariff negotiations outside the procedures of the GATT. Austria granted a reduction of import duties on carpets and dried fruits to Iran. Argentina reduced, as a result of tariff negotiations with Switzerland, duties on watches from 28 to 10 per cent. The Federal Republic of Germany agreed to continue to grant a duty-free tariff quota on natural ammonium sulphate to Chile.

By becoming members of the GATT in October 1957 in their own right, Ghana and Malaya obtained legally the benefit of all the tariff concessions embodied in the GATT schedules and the most-favoured-nation treatment which they enjoyed before as overseas territories of the United Kingdom.

Austria extended until various dates in 1957 most-favoured-nation rates to individual exporting countries which do not enjoy most-favoured-nation treatment as of rights. The Commercial Agreement of 1954 between Cuba and Switzerland, the main object of which was the granting of most-favoured-nation treatment on both sides, was prolonged beyond the end of 1956 for a further three years.
In August 1956 Ecuador subjected imports from countries with which her balance of payments was unfavourable to additional duties varying from 20 to 40 per cent. This measure was later repealed insofar as imports from Belgium, the Netherlands and the United Kingdom are repealed, but has been maintained on imports from Japan. Peru extended the most-favoured-nation treatment provided for certain products in an agreement with Chile of 1941, to such products if imported from Bolivia. Rhodesia and Nyasaland extended the application of the most-favoured-nation clause to imports from Lichtenstein and Morocco. Venezuela, on the other hand, has not extended the modus vivendi agreement providing for the granting of the most-favoured-nation treatment to France and the Netherlands. Some duty reductions, however, such as on cables of iron and steel will be maintained for imports from those countries. In 1957 Venezuela granted most-favoured-nation treatment only to the following states: Belgium, Bolivia, Brazil, Canada, Italy, El Salvador, Spain, United Kingdom, and the United States.

The tendency to grant Japan most-favoured-nation treatment increased in the period under review. Australia and Brazil concluded most-favoured-nation agreements with this country in 1957, and Sweden concluded a bilateral agreement providing inter alia for most-favoured-nation treatment. Lebanon also decided in 1957 to apply the basic rates on imports from Japan, but this decision was revoked following complaints from Lebanese industrialists.

Reductions for Social and General Economic Reasons

In February 1957 Ceylon reduced the duty on coconut meal to combat the effect of a period of shortages and high prices in the local markets of Ceylon. Chile suspended the duty on edible oils temporarily in July. France introduced a duty free quota for white sugar, in order to maintain a reasonable price for the consumers without affecting the terms of competition to the domestic producer. In Germany duty rates on certain frozen vegetables and fruits, and temporarily on fresh fruit, were reduced. Haiti reduced the duty on soap. Italy reduced by 50 per cent the import duty on all oilseeds intended for the production of edible oil, during the summer of 1957. Peru exempted by decree in 1957, frozen beef, mutton and offal, from customs duties and the ad valorem surtax insofar as these charges had not been removed by an earlier decree. In January 1957 Spain reduced, until further notice, the duty on raw coffee.

Since 1955, there has been a movement in the Federal Republic of Germany towards a drastic reduction of tariff rates to maintain the general level of prices. These reductions were finalized in a decision which took effect on 20 August 1957 by which all duty rates between 2.25 per cent and 21 per cent were reduced by one quarter. Duty rates between 1.5 per cent and 2.5 per cent were reduced to 1 per cent. Certain products, mainly agricultural products and products falling within the European Coal and Steel Community were exempted from the reduction. These reductions which were effective originally only until the end of the year 1957 were incorporated in the new customs tariff which entered into effect on 1 January 1958.
Reductions on industrial raw materials to assist industrial development and production

The most important duty reductions were those which were brought into effect in the interest of domestic industries. Insofar as ore and base metals are concerned, Germany provided for a duty-free quota of 43,000 tons for the year 1957. India reduced the duty on alumina and on aluminium scrap. Lebanon abolished duties on granulated aluminium. The United Kingdom suspended the duty on titanium oxide, platinum waste and certain types of nickel. In the United States the suspension of duties on certain types of metal scrap, originally passed in 1952, was extended for another year as from April 1957.

Many iron and steel duties were reduced or suspended in the period under review. France, for example, reduced the rates on certain iron and steel products. India reduced the duty on steel hoops and Italy introduced temporary duties on foundry iron. In New Zealand duty rates on many iron and steel products were reduced. Spain prolonged the 90 per cent reduction on imported iron and steel products for another year and the United Kingdom applied, during the whole period under review, reduced duty rates on a wide range of iron and steel products.

In numerous instances duties on other raw materials were reduced or suspended in the interest of national industries. A few examples may serve as illustration. By a decision taken in March, French West Africa suspended the import duties on a number of investment goods for five years. Greece and India reduced duties on artificial silk and staple fibre yarns during the period under review. India reduced duties on hides and other raw materials. The Federation of Rhodesia and Nyasaland suspended duties on textile waste, flax yarns and battery parts. It may also be noted that countries which are comparatively highly developed have recourse to such tariff reductions. Austria suspended duties on machines not produced in the country itself. Canada, which in many cases provides lower rates for goods not produced in Canada than for foreign goods competing with the domestic production, reduced duties on certain coated paper, crude petroleum, certain yarns, etc. Germany added various items to the list of primary products which can be imported at reduced rates or duty free, and the United Kingdom reduced the duty on certain intermediate organic products.

Reductions in the interest of specific industries

While in some instances countries prefer to provide for reduced duties for specific products, in other instances the reductions or suspensions of duty are granted more generally for the import of products for the use of certain branches of industry. Examples of such cases are reductions granted in the interest of the building industry, such as those granted in Syria for glass used in the building of factories, in Cuba where duty on cement has been suspended in favour of this industry and Portugal where the duty on cement has also been reduced. France introduced a tariff quota for fireproof bricks.
In the interest of mining industries, Chile suspended for a period of two years all duties and charges on fuel and diesel oil to be used in the production of natural nitrates. India exempted bulbs for safety mining lamps. Italy extended the suspension of duties on machinery imported for lignite pits from 1955 until the end of 1960. In Peru, certain nitrates were freed from duty, when imported for the use of the mining industry.

Tariff reductions were also made in the interest of various other industries. Argentina temporarily reduced from 42 to 18 per cent the duty on products used in the production of coal-tar and dyestuffs. The list of items which can be brought into the French Cameroons duty free has been extended to machines and appliances used in the fabrication of cocoa, chocolate and pastes. India reduced the rates on component parts of certain three-wheeled vehicles to be assembled. In the Union of South Africa, measures were taken to give specific industries the means of importing certain products at reduced rates or duty free, such as, for example, the sock-knitting industry, the manufacture of buttons, of abrasive cloth, etc.

The importation of capital equipment free of duty or, in some instances, also free of additional import charges, was provided in Brazil in the interest of the motor-vehicle industry and in the Dominican Republic for a glass factory in San Cristobal. The Nigerian Government generally authorizes the import at reduced rates of capital goods needed for the installation of new industries.

Reductions to assist the farming and fishing population

Examples of measures taken in the interest of the farming population are in France the tariff quotas which are fixed every year for the importation of certain quantities of bulbs at reduced rates. In the period under review, Greece exempted seeds from duty. India exempted by a decree of 1 April 1957 many articles used by farmers, for example tillers, certain seed dressing machines, hay loaders, etc. In December Nicaragua temporarily reduced the duty on certain feeding-stuffs. El Salvador provided for the duty-free importation of henequen bags with a view to facilitating the export of coffee. Tunisia provided for a duty-free tariff quota for nitrogenous fertilizers.

A number of countries took action in the interest of their fishing industry. In Japan materials and apparatus used by fishing boats operating in certain areas were generally freed from duty. Nicaragua permitted the duty-free importation of certain materials for the fishing industry. In Peru domestic fish preserving factories were permitted to import duty-free cotton oil for the preparation of canned fish for export. In the United States, where the importation of tuna fish and frozen fillets of certain types of fish is limited by a tariff quota, these quotas have been brought into relation with the actual consumption in 1957.
Reductions in the Interest of Public Health

All types of machinery, raw materials needed for the production of organo-therapeutical products were freed in Argentina from import duties and charges. Ceylon reduced the duties on certain products used in the production of antibiotics. Egypt generally permitted many products used for medical or pharmaceutical purposes to be imported duty free if the need for their importation is attested by a special certificate. In British Guiana all equipment and medical and surgical supplies used by hospitals were freed from duty. India provided duty-free importation for mixtures of antibiotics, which do not contain other therapeutic ingredients.

Reductions in the Interest of Education and Public Information

In the field of education and science the Agreement on the Importation of Educational, Scientific and Cultural Material, sponsored by UNESCO, continued to exercise an important influence towards liberalizing trade. During the period under review the Federal Republic of Germany deposited its instrument of acceptance and the Benelux countries and France ratified the Agreement, to which twenty-five countries are now party. It is interesting to note that a meeting of the members of the Agreement which was held in Geneva in October 1956 succeeded in clarifying various points concerning the interpretation of the Agreement and led to a more liberal interpretation of some provisions.

Measures in the interest of education and information were also taken independently from the UNESCO Agreement. Italy, for example, suspended duties on certain machinery used in the printing of newspapers, Syria freed books, music, geographical maps, etc., from a 1 per cent duty and Venezuela extended the suspension of duty rates on printing paper for the whole year 1957.

Measures in the Interest of Special Territories

Reference should also be made to measures applied by countries to a part of their territory so as to promote its development or compensate for climatical or other disadvantages. Argentina provided for duty-free imports into Patagonia of all machinery and material needed for the industrial development of this antarctic part of the country. The regulations aimed at preventing smuggling of duty free goods from that area into other parts of Argentina have been considerably tightened. France, by an ordinance of January 1957, introduced measures taken pursuant to a decree of 1955 which aimed at the development of the Sahara. This ordinance contains provisions for the free importation of machinery and equipment needed for the development of the Sahara Territory.
Increase of Individual Duties

Increases for general economic policy and similar reasons

Various enactments were passed in June 1957 in Denmark, aiming at a reduction of consumer purchasing power, and at the stabilization of the country's financial position. So far as duties are concerned, rates were increased on those items which are normally known as revenue earners: cigarettes, tobacco, beer and wine. For the same reason, namely to restrict domestic consumption, Mexico raised the duty rates on many items in February 1957, mainly on luxury items such as confectionery and sweets, toilet products, certain toys and manufactures of lace. The increases also affected varnishes and colours, articles of hide, skin and of paper.

In connexion with the liberalization of imports, Ireland introduced in the period under review a number of so-called emergency duties. For similar purposes, Israel considerably increased the duties on raw materials for the plastics and rubber industries as well as on tools. In the Union of South Africa, the powers given to the Administration in 1946 to impose special temporary duties on liberalized items which need special protection in the transitional period were extended by the removal of the requirement that such measures need parliamentary approval.

Increases to protect Domestic Industries

On the whole, increases of duties for protective reasons were moderate in the period under review. The following will serve as examples. Australia increased the duty on certain agricultural machines including tractors and certain household machines. India has applied a system by which duty protection is granted for a limited period, thus making necessary a review of the situation when the time for which protection is granted lapses. Very often the Indian Tariff Commission in charge of these reviews, recommends that the existing degree of protection should be prolonged. In some instances, however, recommendations directed to strengthening or to weakening the existing level of protection are put forward. Recommendations for increases of protection in the period under review included an increase of the duties on sago and cycle parts. Mexico increased duties on certain clothes and china ware. Norway slightly raised import duties on certain textile goods at the beginning of the year 1957. Peru increased in February 1957 duty rates on about 40 items including paper, housewares and copper. In the United Kingdom, under the Safeguarding of Industries Act, special protection by means of key industry duties, is granted to certain vital industries. The lists of products benefiting under this Act are changed from time to time so as to be kept in conformity with the requirement. In the period under review changes were thus introduced in the application of these duties, mainly in the chemical field.
In the Union of South Africa the duties on nylon piece goods and rayon staple yarns were increased. In the United States in 1957, the number of requests for additional protection was considerably higher than in previous years, but only in the cases of linen towelling, spring clothes pins and safety pins were the duty rates increased. In other cases, the Tariff Commission has been instructed to keep the situation under review. Such reviews were carried out in 1957, without leading to changes in the existing situation, e.g., for the rates on hatters' fur and on watch movements both introduced in 1952; the protection on alsike clover seed, however, was slightly reduced consequent to such a review.

Increases for fiscal reasons

As governments do not necessarily state the particular motive which leads them to a tariff change is made, it is therefore somewhat difficult to know when a tariff change solely serves the purpose of increasing the revenue or other purposes such as protection. Some changes are set out below in which the tariff measures seem to have been mainly motivated by fiscal considerations. The Dominican Republic increased early in 1957 the rates on brandy, whisky and gin. In 1957, Egypt increased the duty on tobacco. In its Budget Law of 1957/58, Ireland generally increased all rates on revenue items such as tobacco products, certain alcoholic beverages and mineral oils. Jamaica increased the duties on matches; in Jersey, the duties on liquors, perfumery, wines, beer and tobacco were raised. The revenue duties applied by Malaya were slightly altered in 1957. In the Budget Law of 1957/58, Pakistan increased the customs duty on manufactured tobacco and on motor spirit (at the same time as it raised the excise duty on motor spirit and tea). Paraguay introduced a special import duty on motor-cars, based on the value of the imported car. Many of the tariff increases effected in Rhodesia and Nyasaland in June 1957 should probably be considered as fiscal measures, at least insofar as they relate to liquors, motor-cars and other luxury items. In the United Kingdom, the customs duties on hydrocarbon oils were increased by almost one-third in the budget of 1957.

Anti-Dumping Duties

The most significant change in the field of anti-dumping legislation was the introduction in the United Kingdom of a system providing for the levy of anti-dumping duties. By the Customs Duties (Dumping and Subsidies) Act, which became effective on 17 April 1957, the Board of Trade was empowered to impose anti-dumping and countervailing duties on imported goods of any description which have been dumped or subsidized. A change in the anti-dumping legislation took place in Australia where, by a law of 1 November 1957, the right of the Administration to levy anti-dumping duties on imports which cause damage to the Australian industry was extended to include also imports which affect the terms of competition with the exports
of third countries. This measure gave effect to an agreement which had been reached between the United Kingdom and Australia in February 1957. The Government of the Philippines introduced a new Customs Tariff Law which became effective on 1 July 1957; the Law includes provisions for the levy of anti-dumping duties. In the United States, the Bureau of Customs was, in the period under review, studying the operation and effectiveness of the Anti-dumping Act of 1921 with a view to suggesting necessary amendments thereto. These studies, however, did not result in any legislative action in the period under review.

In a number of instances, specific action was taken by GATT Member countries in the form of the introduction of anti-dumping or countervailing duties. Belgium included various types of pure and artificial silk, printed cotton materials imported from Hungary or Poland, in the list of products on which countervailing duties are levied. In Canada, anti-dumping duties are not limited to specific items, but on all products which are imported at less than the selling price on the internal market and which are competing with Canadian domestic products. During the period under review Canada continued to suspend the levying of anti-dumping duties on imports from France, enjoying the refund of social and fiscal charges. The decrees by which the Federation of Rhodesia and Nyasaland introduced anti-dumping duties specify the product on which the duty is imposed without indicating the country of supply; among the products affected were canvas piece goods, asbestos cement pipes and pipe fittings. The United Kingdom imposed her first anti-dumping duty on a silicone product originating in France; this order became effective on 7 January 1958. In the Union of South Africa the following anti-dumping duties were introduced: acetone from the United Kingdom; certain poles for electric power transmission; certain printed cotton piece goods from Japan, Czechoslovakia, East Germany, Hungary and Poland; adhesive plasters, etc., from the Federal Republic of Germany, France, the United Kingdom and Denmark; sheet glass from Czechoslovakia; lead sheet from the United Kingdom; fabrics and certain woven piece goods from the United States and certain electrical motors from the Federal Republic of Germany.

Other Charges on Imports

In a number of cases, governments resorted to additional import charges and surcharges which appeared to be more flexible than ordinary customs duties which generally can only be modified by legislative action. These temporary charges or surcharges have often been used to meet temporary problems of commercial policy or to meet temporary balance-of-payments difficulties although the more traditional type of charges for services rendered or of charges equivalent to internal taxes or levies continue to be applied in practically all countries.
Import taxes levied for fiscal reasons

In order to raise additional revenue for economic development under its five-year plan, Afghanistan introduced a new tax varying from 3 to 30 per cent on certain types of luxury goods such as automobiles, jewellery, etc. In April 1957 Argentina increased the special taxes levied on automobiles introduced in December 1955, the rates of which vary depending on the weight and the value of the imported motor-car. In Chile the additional import tax and the luxury import tax were both fixed towards the end of the period under review at a rate of 30 per cent. In French West Africa the fiscal import taxes on many luxury products were increased. Indonesia raised on 1 July the rates on sugar and beer. In the Netherlands the import tax on petrol was increased and the turnover tax on sugar which had been abolished in 1955 was reintroduced. Turkey introduced on 1 March 1957 a new import tax providing for rates up to 40 per cent. This tax is mainly levied on luxury products but the list of goods affected is much wider. Payment is to be made on the basis of the foreign exchange cost to the Central Bank before goods can be cleared from customs. Early in 1957 Viet Nam introduced a "production tax" which varies from 15 to 35 per cent depending on the essentiality of the product imported. Only few exceptions for such essentials as paddy rice are provided. At the same time an "equalization tax" varying from 10 to 50 per cent was decreed which has to be paid on practically all imported consumer goods. These taxes, however, correspond in part to the internal production tax of 6 per cent levied on domestic products and which was introduced at the same time.

In some instances countries had recourse to import taxes, the returns of which are used exclusively for special purposes. At the end of 1956 Iceland, to foster fishery and export industries, introduced a conversion fee of 16 per cent, from which only certain types of grain, edible oils and minerals are freed, and special import fees varying mainly from 11 to 80 per cent on certain products, mostly luxury articles. With a view to increasing the capital of the industrial bank in Peru a general 1 per cent import charge was decreed on most imports. Spain, which for the first time in 1956 levied charges for a reimbursement fund, extended this system in the period under review to many other products such as motor vehicles, watches, nitrate, etc., by imposing various rates from 15 to 200 per cent on such imported products.

Taxes levied for balance-of-payments reasons or in connexion with Liberalization Measures

In certain cases taxes or charges have been applied to imported goods or in connexion with the importation of goods which appear to have been primarily motivated by balance-of-payments reasons. For instance, Chile introduced in January 1957 a 5 per cent tax to be paid on the sale of foreign exchange. Later in 1956 Ecuador introduced an additional import exchange tax of 5 to 10 per cent. Indonesia, where a uniform system of surcharges had been introduced in 1955, varying from 50 to 400 per cent in addition to a free list, reduced these charges in June 1957 to rates varying from 3 to 175 per cent. In August 1957 France removed the
"special temporary compensation tax" which had been introduced in April 1954 and replaced it by a uniform import tax of 20 per cent of the value of the imported goods. This measure has been extended to most of the French overseas territories.

Denmark, in July 1957, replaced the previous licensing restrictions on motor-cars by a purchase tax of 70 per cent for cars the value of which does not exceed Kr. 2,000, while higher charges are levied on more expensive cars. The special import taxes which were introduced in 1956 for balance-of-payments reasons in Ireland were gradually eliminated in 1957 in connexion with liberalization measures. The elimination of these special taxes has been, however, accompanied by increases in tariff rates on the same items which amounts in most cases to the incorporation of these taxes into the normal tariff structure. Paraguay, which freed practically the whole of her trade in 1957 from quantitative restrictions, introduced a special import tax of 10 to 30 per cent of the value which has to be paid on the importation of certain goods, mainly luxury products.

Taxes levied on imported goods in lieu of Internal Taxes

The increase in the import transmission tax, which took place in Belgium at the end of 1956, was made less onerous by various suspensions and reductions decided in the course of 1957; towards the end of the year, however, some of the rates suspended were applied in full or increased mainly on luxury items. In Bolivia the existing taxes on alcohols, wines, etc., were replaced by a new tax which is (with minor exceptions) an ad valorem tax levied on the products involved. In Canada the 10 per cent sales tax was removed in many instances both for domestic and imported goods, by the Budget Law 1957/58; this removal affected foodstuffs, coffee, structural steel, etc. In October 1957 Costa Rica considerably increased the tax on locally produced and imported beverages. In France the general rate of the "tax on added value" to be paid on the sale and the import of a great number of goods was raised in July to 25 per cent for many luxury items such as perfumery, fur skins, articles of crystal, carpets, etc. In Italy, by a law of 12 August 1957 the import turnover tax system on textile raw materials was altered. This law introduced a single tax payment, while previously a tax had to be paid at each stage of trade. Madagascar increased the consumption tax on tobacco and Morocco introduced a new wine tax and a new surtax on brandy. The Netherlands tax law of 1954 authorized the Government to increase the rates applied to the imports in order to bring them to the level of the tax paid on like domestic goods. Acting pursuant to this law the Government increased many rates of import tax in October 1957. On 1 March 1957 Turkey introduced a new production tax which replaced the old transaction and consumption taxes. The chargeable products are enumerated in four lists. The rates, which in the case of lists I - III are levied on both
imported and home produced goods, vary from 5 to 75 per cent according to the products. There are also a few specific rates. It should be noted however, that for the items included in List IV slightly higher rates are provided on imported products than on home-made goods. The United Kingdom on 1 January 1957 introduced a surtax on all home produced and imported sugar. Early in 1957 Viet Nam amended its taxation legislation by increasing some existing taxes and introducing new taxes affecting equally home-produced and imported goods. A general 6 per cent production tax, a tax providing for individual rates varying from 15 to 35 per cent depending on the products affected, as well as a "stabilization tax" varying from 10 to 15 per cent were introduced.
EXPORT DUTIES

The downward trend of prices in many commodity markets limited the opportunity for governments to raise the level of export duties and the incidence of such duties was generally stable with a slight tendency towards a reduction of rates; the few increases to be noted had monetary or fiscal reasons.

In so far as measures of general application are concerned this trend is apparent in the case of Bolivia where the general export duty of 5 per cent, levied on all products for which no special rates were provided, was reduced to 2 per cent. Colombia almost fully eliminated the general 15 per cent export tax in September 1957, which was introduced for fiscal reasons in June of the same year. Indonesia suspended all export taxes in conjunction with other measures taken in relation with balance of payments. India freed all goods exported by post from the payment of export duties.

The Federal Republic of Germany re-issued the list of products on which export duties are levied to adapt it to the new tariff nomenclature. The products effected are mainly metal scraps. The rates vary from 2 to 90 per cent. In July 1957 Poland issued an export tariff which enumerates forty items on which specific export duties are levied. Among the products included are medical plants, sausages, honey, chocolate, wine, spirits, porcelain, glassware, toys and costume jewellery. The tariff furthermore generally authorizes the central customs authorities to levy export duties up to 150 per cent of the value on products for which a special export permission is granted.

Coffee, tea, cocoa.

With the outgoing year 1956 in Belgium the export duties on plantation coffee were reduced by about 20 per cent. Bolivia reduced the duty rate on unshelled coffee from 10 to 5 per cent. In French Equatorial Africa the export taxes on coffee were reduced, while the export duties levied jointly with this tax were slightly increased. Mexico granted a special reduction of the export charges on the coffee of the old crop from 1956/57. There were however, also some instances of increases of export charges levied on coffee. Brazil introduced a coffee propaganda tax of 25 US cents per bag of 60 kilos. Madagascar increased the export duty on coffee from 10 to 12 per cent and Togoland introduced in favour of an amelioration fund a 3 per cent export charge on coffee in September 1957. The conclusion of the Latin American coffee agreement in October 1957 attempted to stabilize the situation on the coffee market, which also had a stabilizing influence on the level of export charges.

In India, where in 1955 an export duty on tea, called export cess, depending on the price of the tea had been introduced, the rates of the tea cess were reduced in conformity with the price reduction from 8 annas in January to
6 annas (38 naye paise in the new Indian currency) for the rest of the year. In March 1957 the Belgian Congo reduced the export duty on cocoa beans to 1 per cent, and British North Borneo exempted cocoa beans for the whole of the year 1957.

**Various agricultural products and foodstuffs**

The Belgian Congo removed with effect, or from 1 February 1957 the export duty on broken rice and with effect, or from 1 June the duty on eggs and egg yolks. Furthermore the export duties on cotton seed oils were reduced from 7 to 1 per cent and on cotton oil cakes from 7 to 5 per cent, on castor oil seed from 12 to 3 per cent and the charges on raw medicinal castor oil and castor oil seed cakes were freed from export charges. India removed the export duties on cotton seed oil cake in June, on linseed oil cake in August, and on de-oiled groundnut oil, groundnut oil cake and kardiseed oil in October 1957. The suspended export duties on rapeseed oil of Rs.300 per ton was, however, re-introduced in March 1957.

Mexico reduced export duties on peanuts, certain vegetables and various fodder products in the period under review. Portugal suspended partially for the year 1957 the export duty of certain types of rice exported from Portuguese overseas territories. From the Seychelles an increase of the export duty on coconut oil, copra and vanilla is reported.

**Textile raw materials**

In September 1957 Bolivia reduced the export duty on sheep's wool from 15 to 8 per cent and on alpaca wool from 15 to 10 per cent. In Egypt the specific export duty on cotton was increased slightly in May and in September 1957. In India, on the other hand, export duties on various types of cotton and cotton waste were abolished or reduced. In September 1957 the export duty on zoda cotton and yellow pickings and sweepings was abolished and in November the export duty on soft cotton waste was reduced from 30 to 15 per cent. Mexico reduced the export duties on cocoa fibre in August 1957 by about one third to 0.02 pesos per gross kilogramme plus 5 per cent ad valorem.

**Ores and Metals**

The Belgian Congo reduced, the export duty on copper during the period under review from 17 to 14 per cent in various stages. The 3 per cent export duty on various copper products was suspended in August 1957. In July the export duties on wolfram and tungsten ores were suspended and in August, export duty on allied cobalt was reduced. To protect the supply on the domestic market the specific export duties on scrap and waste of brass and bronze have been re-imposed in Switzerland. By an order of 18 April 1957 various ad valorem charges were imposed on French West Africa on the export of bauxite and related products. India suspended with the outgoing year 1956 the export duty on certain types of manganese ore and reduced the duty on
aluminium scrap in November 1957. Spain suppressed the export charge on wolfram in October 1957. In July Peru suspended the 4 per cent export tax levied on zinc and lead ores and concentrates.

**Various Products**

By a ministerial decree the export duty rate on rough diamonds from Kasai was reduced from 5 to 3 per cent in Belgian Congo with effect as from 1 August 1957. In Bolivia, apart from the reductions in the general export duty rate, the rate on furs, raw rubber, Brazil nuts, certain tropical woods and medical raw materials were also considerably reduced. In Ceylon in August 1957 a uniform duty of Rs.28 a 100 lbs. on all categories of rubber was introduced instead of former differential rates depending on the quality of rubber. At almost the same time the additional export taxes on rubber, of Rs.10 and Rs.15 depending on the quality, were abolished. A more important measure is the adoption in August 1957 by Parliament in Finland of the export duty bill which provides for export duties from 10 to 70 per cent on all timber goods including cellulose, mechanical pulp, paper and paper board, plywood and sawn timber. This export duty which is levied for offsetting the devaluation of the currency will be used first to reduce liabilities of the State and second to collect capital for loans which would be given at low interests to the forest industry. It is provided in the law that rates can be reduced by the Bank of Finland so as to adapt them to changes in the economic situation. Mexico reduced the export duties on natural dyes. Mozambique abolished the additional export duty on dyes for the tanning industry.

**CUSTOMS FORMALITIES**

**Consular formalities**

Together with the tariff reform reported above, the consular regulations in force in Brazil have been considerably relaxed. The previous requirement of a consular invoice has been suppressed and replaced by the requirement of a consular visa on a commercial invoice. In future the presentation of four sets of the following documents in that order will be requested: commercial invoice, certificate of origin and a bill of lading. Furthermore, the import licence or the export certificate has to be added. The consular fees for the visaing have been fixed at US$12 for the first US$1,000 and US$2 for each additional US$500 or fraction thereof. Certificates of origin, bills of lading or airway bills are free of charge.

In connexion with the creation of the new State of Ghana a new customs invoice form has been issued which is a prescribed form of the commercial invoice and does not require consular visaing; this form replaces that previously used for British West Africa including Ghana. In Honduras a new customs code became effective in March 1957. The new code which aims to modernize the customs regulations contains in addition to many provisions
concerning the setting up of a tariff committee, the auctioning of abandoned goods, the direct payment of customs fees to the Central Bank rather than to the customs officials, many important changes concerning the import formalities. Although the requirement of consular formalities is maintained, many relaxations are to be noted mainly concerning the provisions relating to the tenor of the commercial invoices, the time of the presentation of the documents and the language of the commercial documents. In Nicaragua, on the other hand, it was decreed that, in future, invoices for all goods imported into Nicaragua must be presented in the Spanish language. In March 1957 Peru, where the consular fees are a fixed amount per certification, this sum was increased from US$1 or 2 to US$2 to 10, depending on the case. The Philippines, which required the presentation of a commercial invoice certified by an United States Consulate if no Philippine Consulate was available in the country of exportation, decided to accept in future commercial invoices visaed by Chambers of Commerce in the exporting country.

Certificates of Origin

Canada introduced in the period under review the requirement that imported products have to be accompanied by a declaration of origin so as to permit a clearer determination of products which are entitled to preferential or most-favoured-nation rates. These certificates of origin have to be issued in conformity with the wording laid down by the Canadian authorities and have to be signed by the exporter. A product is considered to originate in a country if it has been entirely produced there or if 50 per cent of the production costs have arisen in that country. In the Federation of Rhodesia and Nyasaland the provisions concerning certificates of origin for goods enjoying preferential treatment have been slightly altered. Preferential rates will only be granted if it can be certified that at least 25 per cent of the cost of production (30 per cent in the case of certain textile fabrics) are accounted for by the labour or material added in the country in which the processes of manufacture were performed. Under the formal regulations the minimum percentage did not refer to a single country and no special higher rate of national content was provided for materials.

Marks of origin

During the period under review the Australian Government decided to intensify the application of the regulations concerning the marking of imported products. A general rule is that articles bearing a foreign mark can only be imported if this mark is drafted in the language of the country of origin. If another language is used the country of origin must be added in English. Additional information included in the mark must be accurate and should not obscure the specified information. Furthermore, a number of goods can only be imported if the country of origin is properly marked. Such articles are textile products, leather, jewellery, china, electric appliances, toys, watches, etc. In the case of food products, medicines, manures, agricultural seeds and plants,
which also fall in the list of products to be marked, a true description of the goods must be added to the mark. In July 1957 the Government of New Zealand decreed that a number of articles of clothing have to bear a mark of origin at the time of their importation. A new approach to the problem is the obligation imposed by Turkey on 1 March 1957 that all Turkish products must be marked. The effect of this provision will be that, after the transitional period provided for in the decree has elapsed, all unmarked goods will be recognisable as products of foreign origin.

Temporary Importation

In order to promote exports, the Government of Australia introduced early in 1957 the possibility of an automatic refund of import duties on all goods (with the exception of beer, tobacco, wines, spirits and opium) used in the manufacture of exported goods. Early in 1957 the Federal Republic of Germany, where temporary importation for the processing of products for export can only be carried out in cases where the customs authorities are in agreement, a very extensive list of types of processes for which permission is granted as a rule has been published. The Government of India decided, as a measure to promote exports, that refund in full of the import duties paid on raw materials used for the products for export may be granted. Previously, the refund was limited to seven-eighths of the duties paid. The list of goods the production of which will enjoy this advantage includes mainly plastic goods, cycles, silk fibres, glass, jute manufactures and radio receivers. India, furthermore introduced a procedure allowing for the refund of the import duties on machinery temporarily used in India. The refund is limited to machinery which has not been imported for more than three years and varies in accordance with the time during which the machinery has been used. The Government of Thailand amended the existing Customs Act by introducing provisions which will permit the partial refund (seven-eighths) of the import duties paid on articles used in the production for export.

Free Harbours

In Austria, where a free zone had been opened in Innsbruck (Solbad Hall) in December 1956, a decision has been issued that products imported into the free zones (Innsbruck and Linz) will in future, have to pay purchase tax as if the products were imported for consumption into the Austrian customs territory. In spring 1957 in Turkey the first free harbour was established in the Port of Iskenderum.

Valuation for Customs Purposes

Columbia introduced new valuation regulations early in 1957. The customs value is to be the value of the product in the country of origin. The calculation is normally based on the invoice but can be corrected mainly on the ground if this price differs from the normal value.
of the Brussels Valuation Convention, published a new Customs Valuation Law during the period under review. The new law replaces the provisions of 1951 which were put into effect when Germany changed from specific to ad valorem duties. This new law introduces a number of relaxations at the request of importers. In India for some commodities, the prices of which are liable to sudden and sharp fluctuations in the Indian market, fixed customs values are provided on the basis of the average prices prevailing over the year. In August 1957 the full list of the products affected and the values laid down were published for the year to come at that time as usual.

In the United States, the Customs Simplification Act of 1956, modified in many respects the valuation system for customs purposes. The new system was aimed at a uniform valuation of imported products based on the export value of these products and to remove the previous system which obliged the Customs Officer in many instances to calculate two different customs values (the domestic value of the imported products on the home market of the exporting country and the export value of these goods) and to base the calculation of the customs duties on the method which gives the higher value. This law became effective only in February 1958 after it has been possible to comply with a reservation made by the Congress that the old system of valuation should be maintained on all products for which the introduction of the new system would lead to a higher reduction of the protection than 5 per cent of the value of the products. The list of products for which the old system is to be maintained consist of one hundred and thirty nine full commodity numbers and parts of two hundred and thirty commodity numbers.

**Special Treatment of Samples**

To conclude this Section on customs problems attention can be drawn to the International Convention to Facilitate the Importation of Commercial samples which was drafted by the CONTRACTING PARTIES to GATT in 1953. The number of parties to this Convention increased considerably in the period under review from twenty-two to twenty-eight. The governments who joined the Convention in 1957 are: Belgium, Hungary, Israel, Luxemburg, New Zealand and the United States.

The Convention of 1953, however, was supplemented under the aegis of the Brussels Cooperation Council by a special Convention of 1 March 1956, which provides for the possibility to import samples into the territories of member countries without payment of duties or granting individual security if they are accompanied by a "carnet" issued by certain acknowledged organizations, which guarantee to pay the suspended customs charges in case the samples are not duly re-exported. In the period under review Austria, Denmark, France, Germany, Switzerland and the United Kingdom became members to this Convention.