The Contracting Parties at their 9th meeting this afternoon set up a working party to examine the Interim Agreement for the re-establishment of a Customs Union between South Africa and Southern Rhodesia.

The members of the Working Party are France, South Africa, Southern Rhodesia, United States and one of the Benelux countries.

Earlier, M. Lecuyer, France, stressed that this question would create a precedent for other proposed Customs Unions such as that between France and Italy. He considered that the South African - Southern Rhodesian proposal was not strictly a customs union but rather a free trade area. He asked if the western territory of South Africa was meant to be part of the Customs Union.

Mr. Iamsvelt, Netherlands, said this was a test case for the Contracting Parties. He regarded the 10 year waiting period for finalizing the Union as too long. M. Cassiers, Belgium, also stressed that the waiting period was too long. He wondered whether the Union would have the effect of extending the existing British Commonwealth preferential system.

Replying, Dr. A.J. Norval said that under GATT article XXIV, the Contracting Parties were only concerned with two points: first, whether the interim agreement was likely to result in the formation of a full Customs Union; secondly, whether the waiting period was reasonable or unreasonable. Regarding the 10 year period, Dr. Norval, said it might be found possible to submit a definite plan for a Customs Union after as short a period as three years. While he had no objection in principle to setting up a Working Party, it would not be possible to supply any more information at this stage.

Mr. S.A. Rowe, Southern Rhodesia, said the two countries intended ultimately to have a full customs union and a single tariff.

Later, the Contracting Parties set up a working party to consider correction of errors in the GATT tariff schedules; and another working party to consider an Australian proposal to replace their GATT tariff schedule by a revised schedule adjusted to a new value-for-duty basis.
The Contracting Parties then heard a complaint stated by M. Lecuyer, France, as to certain Brazilian internal taxes, which he said had recently been increased against certain foreign imports covered by GATT. Among the imports affected were cognac, armagnac, brandy and the clock industry.

Mr. R.J. Shackle, United Kingdom, said that the discrimination also affected imports of beer and cigarettes.

Mr. E.L. Rodrigues, Brazil, said that he did not consider the Brazilian action was in conflict with GATT.

The discussion will be continued tomorrow afternoon.