The Contracting Parties this afternoon considered the agenda item:

- Request of the Government of Pakistan for a Decision under GATT Article XXIII concerning Rebate of Excise Duties on Certain Products exported from India.

At the second session of the Contracting Parties, at Geneva in August 1948, Pakistan asked for an interpretation of the Most-favoured-nation clause of GATT (Article I, paragraph 1). The request was made in reference to the government of India, which was not at that time allowing rebate of excise duty on exports of goods to Pakistan, while allowing rebate on similar exports to other countries. The Chairman of the Contracting Parties indicated that the most-favoured-nation clause could be applied to the particular instance brought up by Pakistan. He suggested at that time that the two countries should get together and resolve their differences.

At that time the delegate of India reserved the position of the Indian government. In a subsequent communication to the government of Pakistan, the government of India declined to accept the claim that Pakistan was entitled to the same facilities in respect of rebate and export under bond as are granted to other countries, but said they would be prepared to consider the matter as part of a comprehensive settlement.

Pakistan had referred this matter to the Contracting Parties at their Third Session, since in their opinion the government of India had failed to carry out its obligations under GATT.

Announcing that a settlement had been reached and consequently that the complaint of Pakistan would be withdrawn, Mr. S.A. Hasnie said today that the two governments had worked continuously to resolve their difference. "Our mutual efforts have borne fruit", he added.

India, said Mr. Hasnie, had agreed not only to give rebate on all excisable goods exported to Pakistan. They had also agreed to grant for a period of one year rebate to Pakistan in all cases, irrespective of whether rebate was granted to other countries.

This, Mr. Hasnie explained, was part of the Inter-Dominion Agreement arrived at recently, the terms of which state that in view of the decision regarding rebate, Pakistan will withdraw their complaint before the Contracting Parties.
The decision reached between India and Pakistan is effective from 1 June 1949. It states that each Dominion will grant full rebate of excise on excisable commodities exported to the other Dominion if such rebates are given on export of the commodities to any other country. Further, for a period of one year from 1 June 1949, the two governments agree to give such rebate on all commodities that are at present excisable or may, during the period, be made subject to excise duties, irrespective of whether such rebates are given on exports to other countries or not.

In conclusion, Mr. Hasnie thanked the Chairman of the Contracting Parties for his assistance in helping to effect this felicitous solution.

The Chairman, High Commissioner Dana Wilgress, congratulated both governments on the wisdom they had shown in reaching this settlement.

The delegate of India, Mr. M.J. Desai, said he was particularly grateful to the Contracting Parties for the kindness and courtesy shown in this case. A solution satisfactory to both governments had been reached, illustrating the proper spirit of the GATT which requires a decision acceptable to both sides. In fact, this was a part of the wider question of inter-Dominion economic relations on which a solution had recently been reached and a full announcement made in India. He hoped that all future questions would be settled in the same spirit.