Amendments proposed by the United Kingdom Delegation

PART ONE

Page 1

Present Import Duties of the Six

Line 1. For "provide" read "have".

Line 2. Delete "with" and insert "in terms of the 1956 average values of tea imported by these territories as equivalent to".

After "52 per cent" insert "ad valorem".

Line 4. Delete "this" and insert "the legal".

Line 6. Delete "with the incidence" and insert "equivalent to".

Add at end of line after "50 per cent" the words "ad valorem".

Last line. Add after "respectively" the words "(1956 average values)".

Establishment of the Common Tariff

Delete all three paragraphs, continued on page 2 and insert:

"In applying the general rule of the arithmetic average of the applied rates in force on 1 January 1957 the duty on tea in the common tariff would be 35 per cent. However, this percentage cannot be considered as definitively fixed because of the fiscal aspect of this duty. Benelux, Federal Republic of Germany and Italy have indicated that they may notify the Common Market Institution in accordance with Article 17. 2 that they consider the present duties as being of a fiscal nature. If they do so notify the Institution it will then decide in accordance with Article 22 the extent to which the duties are of a fiscal nature and reduce the arithmetical average accordingly."

Spec/65/58
Certain statements on this page need amplification on similar lines to the Coffee report.

**Fiscal Duties.**

At end of para. add "and may accordingly apply fiscal duties to compensate themselves for any loss of revenue where the common tariff is lower than their previous tariff".

After "The Applicability of the Agricultural Provisions of the Treaty" add new paragraph:

"Tariff Quotas

It was noted that in accordance with Article 25.3 the Commission could authorize a Member State to suspend the duty on tea, provided that no serious disturbance in the market would result therefrom."

**PART TWO**

**Page 4**

2. Other GATT Members

Columns under "British East Africa" should now read:

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<td>Kenya</td>
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**Page 6**

For heading "Substitution" read "Substituted".

**Prospects of World Supply and Demand**

Para. 12, lines 4, 5 and 6. Delete sentence beginning "The response to ... in both cases".

Line 9, etc. End sentence at "renewed" and delete "but it is possible ... and export" (continued on next page).
Line 6, etc. Delete sentence "A future increase in ... of common and medium grades".

Line 8, etc. Transpose sentence "Whereas, during the ... has since then continued." to end of paragraph but begin as new para. 12(a), adding the following new sentence:-

"In the main tea consuming country, United Kingdom, the demand for tea is almost static and substantial increases in other markets are unlikely."

PART THREE

Page 8

Lines 5 and 6. Delete "the Benelux from" and insert "any part of the Community. Even Benelux did not accord a preference to".

(i) Effects on price levels in the Community and the A.O.T.s

Before para. 2 insert the following new paragraph:-

"The representatives of non-Six producers considered that there were no grounds whatever for introducing as high a preferential tariff on tea as 35%. They pointed out that duties in Germany, France and Italy were largely of a fiscal nature and the Institution should take full account of this fact and reduce the arithmetical average accordingly. If they did so the common tariff would only be 10% or even less. They also pointed out that the lowest tariff country, Netherlands, was by far the greatest consumer so that a weighted arithmetical average would again have led to a much lower duty than 35%. In that connection they drew attention to the fact that in calculating the applied tariff for Benelux a weighted average had been used."

Para. 2, last sentence. Delete and insert "The effect of the ad valorem duty in reducing demand would be particularly apparent on the high quality teas."

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(ii) Effects on Consumption in the Community

Para. 4, line 5. After "in the Netherlands" continue sentence with "where prices of tea had been the lowest of any Member State".

Line 8. Delete "which would further ... in demand." and insert new sentence "Thus demand in those countries would not increase."
Para. 4. last word. Delete and insert "presumed".

Para. 5. line 11. Delete "a greater" and insert "the main immediate".

Line 12. Delete "than Belgian Congo tea."

Line 14. Delete "relatively easy, even in the short period." and insert "quickly brought about by substantial price differences."

Delete whole of last sentence, "Viewed against the ... to the Six".

Page 11

Para. 9. line 1, etc. Delete "amount of" and insert "additional production of". Delete "additional".

Delete the following "on the market ... this additional production" and insert "in the Belgian Congo ..."

Line 4. Insert between "limitations" and "to" the word "due".

Line 5. After "considerations" continue sentence with "for a production of that order."

Last line. For "rapidly" read "easily" and end sentence with "in the period of 15 years under consideration".

Page 12

Para. 12, line 6. Delete "35 per cent" and insert "even earlier".

Line 7, etc. Delete "where they would ... above world prices" and insert "thus displacing tea from traditional suppliers."

Line 8. At end of line, after "Belgian Congo" add "and other A.O.T.s".

Line 9. After "undoubtedly would" add "under the stimulus of the new preference."

Line 11. After "suppliers" add the following:

"Increased tea production to 10,000 tons p.a. was well within the capacity of the Belgian Congo in the next 15 years. Since this represented 50% of the consumption of the Six a major diversion of trade could be caused."

Lines 11, 12. Delete "twenty years hence would" and insert "would then".
"The Total trade of third country suppliers of tea to the Six was worth £29 million in 1956 and at least 50% of this trade would be placed in jeopardy by the end of the transition period and up to 100% in the more distant future."

Para. 14, line 4. Before "Any slump ..." insert "In view of the generally static demand for tea in the world any ..."