SOUTH AFRICA/RHODESIAN TRADE RELATIONS

Statement by the South African Delegation on 23 March 1965

1. In his statement on 9 March 1965, in the plenary meeting the Chairman of the CONTRACTING PARTIES recalled that there was considerable GATT history in connexion with the trade relations between South Africa and Rhodesia. He mentioned certain specific occasions on which various agreements between the two countries had been dealt with by the CONTRACTING PARTIES. The traditional trade relationship which exists between the two countries has been mentioned in the GATT at various times in the past and may be familiar to some of you already. However, I trust you will bear with me if I recapitulate its history briefly, for the benefit of those members who may not be fully acquainted with the details.

2. As far back as 1903, those territories now forming the Republic of South Africa, which were then British Colonies, were parties to a Customs Union of which Rhodesia was also a member. This relationship was continued in 1910, after the formation of the Union of South Africa, and remained unchanged until 1925, when certain limited exceptions to the free movement of domestic products were introduced. In 1935 the Customs Union arrangements between the two countries were replaced by a preferential agreement. Although the principle of a free interchange of products between the two countries was retained under the preferential Customs Agreement, the number of exceptions to the principle was substantially increased in comparison with the position which had prevailed under the earlier Customs Union arrangements. Then in 1949 the two countries concluded a Customs Union (Interim) Agreement, which aimed at the re-establishment of a Customs Union based on a duty-free interchange of domestic products and a common external tariff. As the Chairman of the CONTRACTING PARTIES pointed out on Tuesday, 9 March, that Agreement was examined by the CONTRACTING PARTIES under Article XXIV. Upon the formation of the Federation of Rhodesia and Nyasaland in 1953, the trade relations between South Africa and the Federation naturally had to be reviewed, and were thereafter regulated by the Agreements of 1955 and 1960. Both these Agreements were examined by Working Parties under the GATT.
3. The Working Party which examined the Agreement of 1960 reported thereon in document L/1225 of 3 June 1960. The Text of its report appears on pages 231 to 236 of BISD Ninth Supplement. The recommendations made by the Working Party were accepted by the CONTRACTING PARTIES in the Decision of 4 June 1960, which appears on page 51 of BISD Ninth Supplement. The South African representative taking part in the discussions held prior to the adoption of the report and the subsequent Decision gave certain specific undertakings, which are reflected in document SR.16/11 dated 23 June 1960 on page 152.

4. Action which South Africa was permitted to take under the Decision of 4 June 1960 was taken in three cases only, namely:

   (i) In 1960 in respect of cotton belting weighing more than 10 oz per square yard ex tariff item 75(1)(a) - no requests for consultations were received.

   (ii) In 1960 again, in respect of bed sheets and pillow-cases other than of calico, drill, twill and sateen or winter sheeting ex tariff item 73(1)(a)(xiii); and

   (iii) In 1963 in respect of knitted outer clothing n.e.e. including jerseys, pullovers and shirts, other than garments containing more than 50 per cent, by weight of worsted wool or mixtures thereof or 50 per cent or more by weight of cotton under tariff item 65(b)(iv)(4).

The South African Government in each case advised the CONTRACTING PARTIES and any party which it considered might have a substantial interest in the goods within the prescribed period. My Government also consulted with those governments who had requested consultations. In no case was there any proof that any contracting party had suffered material injury. In addition, my Government reported annually on any steps taken under the Decision of 4 June 1960. This sparing use made of the right under the waiver is evidence that my Government restricted action thereunder to the absolute minimum, strictly in accordance with the assurance it gave when the 1960 Agreement was under consideration by the CONTRACTING PARTIES. This assurance is also mentioned in the preamble of the Decision of 4 June 1960.

5. In accordance with a decision of the CONTRACTING PARTIES of 3 December 1955, South Africa established a new date for the purpose of paragraph 4 of Article 1 in respect of the products of the Federation of Rhodesia and Nyasaland. In a decision of 19 November 1960, South Africa's date in relation to the products of the Federation was laid down as 30 June 1960, with the proviso that the tariff adjustments made effective by South Africa on 1 July 1960, pursuant to the decision of 3 December 1955 were deemed, for this purpose, to have been in effect on that date.
6. The dissolution of the Federation of Rhodesia and Nyasaland at the end of 1963 caused a review of the trading relations between South Africa and Rhodesia to be undertaken and a new agreement was concluded. This agreement has as basis the 1960 Agreement, but it covers a larger number of goods.

7. In comparing the two agreements, the following should be noted:

(a) The general provisions of the new agreement, although somewhat differently worded, are essentially the same as those of the 1960 Agreement. Thus, except for the provisions for the application of the various schedules,

(i) the provisions in Article 7 of the new agreement in respect of the export duty on rough and uncut diamonds are similar to those of Article 6 in the 1960 Agreement;

(ii) the provisions in Article 8 of the new agreement in respect of the definitions of manufactured goods are essentially the same as those of Article 7 of the 1960 agreement. (These provisions are however modified by other conditions enumerated for instance in the Schedules);

(iii) the provisions in Article 9 of the new agreement in respect of the imposition of dumping and countervailing duties, subsidies and assistance in the investigation of allegations of dumping are the same as those of Article 8 of the 1960 Agreement;

(iv) the provisions in Article 10 of the new agreement in respect of the levying of a duty of excise or surtax are the same as those of Article 9 of the 1960 Agreement;

(v) the provisions in Article 11 of the new agreement in respect of customs measures and procedures and in respect of tourism are the same as those of Article 10 of the 1960 Agreement; and

(vi) the provisions in Article 12 of the new agreement in respect of quantitative import and export restrictions are essentially the same as those of Article 12 of the 1960 Agreement.

(b) Articles 2 and 13 have no equivalent counterparts in the 1960 Agreement, but these new provisions were necessary to meet internal legal requirements.

(c) The total quantity of flue-cured Virginia-type leaf tobacco mentioned in Article 4 of the new agreement is the same as that covered by Article 3 of the 1960 Agreement. The most-favoured-nation rate of duty on leaf tobacco has remained unchanged since 1960, and this is in accordance with the undertaking given by the South African delegation on 4 June 1960.
(d) Turning now to the Schedules of the new agreement, it should be noted that:

(i) Part I of Annex A of the new agreement except for minor terminological changes, is the same as Annex A of the 1960 Agreement;

(ii) the goods specified in Part II of Annex A of the new agreement, whilst subject to control by permit, are admissible into South Africa at the most-favoured-nation rates of duty. This Part is a new addition;

(iii) Part I of Annex B of the new agreement is the same, except for certain drafting changes, as Part I of the 1960 Agreement. No addition has been made to the goods enumerated thereunder;

(iv) Part II of Annex B of the 1960 Agreement has been incorporated in Part IX of Annex B of the new agreement, and the extent of the rebates is the same except in the case of certain specified parts of gramradios, radio receiving sets, n.e.e. and television receiving sets, where the extent of the rebate has been increased and in the case of television receiving sets under item 154(4)(a), which are not included in the new Schedules;

(v) Part III of Annex B of the 1960 Agreement provided in respect of cigarettes from the Federation for a rebate of the duty to the extent of one-quarter of the most-favoured-nation rate of duty. On 4 June 1960, the South African delegation undertook to convert the then margin of preference into a specific margin of preference in the new decimal currency of South Africa. This was done by amending the Agreement by an Exchange of Notes between the two Governments in February 1961, copies of which sent to the contracting parties through the Executive Secretary. Decimal currency was introduced in South Africa in February 1961. The specific level of the rebate, namely 105 cents per 1,000 cigarettes, is retained in Part IX of Annex B of the new agreement;

(vi) what remains now is the rest of the South African Schedules in the new agreement, covering goods which are not mentioned in the 1960 Agreement. The treatment accorded these goods may be summarized as follows:

A. Admission at a specified rebate from the most-favoured-nation rate of duty:

Parts II, III and IX of Annex B.
B. Admission at a specified rebate from the most-favoured-nation rate of duty, but with the total imports limited by quantity or value:

Parts IV and VI of Annex B.

C. Free admission:

Part VIII of Annex B.

D. Free admission but with total imports limited by value:

Parts V and VII of Annex B.

E. Admission with a binding of the most-favoured-nation rates of duty:

Parts X and XI of Annex B; and

(vii) Annex C prescribes the treatment accorded to specified South African goods on importation into Rhodesia. South African goods, not specified in Annex C, are provided for under paragraph 1 of Article 6 of the agreement.

8. I have attempted to give a comparison between the new agreement and that of 1960, and have said that the new agreement was concluded on the basis of the 1960 Agreement. Under the new agreement, certain additions have been made to the goods on which South Africa grants preferential treatment on importation from Rhodesia. I would point out, however, that under the base date of 30 June 1960, there were a number of other goods from the Federation on which South Africa could have granted preferential treatment but did not. However, as delegates here are aware, any trade agreement between countries is usually a compromise and neither side ever gets all the concessions it hopes for when the negotiations begin. As negotiations of this type proceed, a stage is generally reached where each country comes to the conclusion that the benefits which are likely to accrue to it are more or less in balance with the concessions it is prepared to make in return. My Rhodesian colleague will probably point out that his Government could equally have offered additional concessions to South Africa without exceeding the permissible margins under Rhodesia's base date, but that, in his Government's opinion, South Africa's offers did not warrant such a step.

9. Summarizing the position of the trade relations between the two countries under the new agreement, I would say that the present situation is such that closer relations between them have been restored. In some respects we are now nearer to the position which existed prior to Federation, but in other respects not even as close as during the life of the 1955 Agreement between South Africa and the Federation.
10. I should like to stress the meticulous manner in which my Government has honoured the undertakings given in 1960, and to the very limited action which was subsequently taken under the Decision of the CONTRACTING PARTIES of 4 June 1960. Having regard to these factors, to the traditional trade relations between the two countries, and to the overall view of the impact of the new agreement, my Government was satisfied that the agreement was of such a nature that it could lay it before the CONTRACTING PARTIES.

11. In conclusion, Mr. Chairman, I wish to express the willingness of my delegation to furnish any further information which might be regarded as necessary for the work of this Working Party, and to answer any questions in elucidating points which may not be clear.