MALAWI - RENEGOTIATION OF SCHEDULE

Draft Report by the Working Party

1. The Working Party was established by the Council at its meeting on 6 November 1967 to examine the request by the Government of Malawi to be authorized to maintain in effect the increased duties on items bound in Schedule LVIII and any increased margin of preference pending renegotiation of such increases and examination of the new customs tariff, and to report to the CONTRACTING PARTIES.

2. The Working Party met on 13 and 15 November 1967. It had before it the request by Malawi for a waiver from the relevant provisions of the General Agreement (document L/2816) and a document relating to the adoption by Malawi of the former Schedule of the Federation of Rhodesia and Nyasaland (L/2847).

3. The representative of Malawi referred to the explanations given in document L/2816 regarding the introduction of the new customs tariff of Malawi. He said that it had been found that the previous tariff inherited from the Federation of Rhodesia and Nyasaland had not been adapted to the needs of a country at an early stage of development like Malawi. At the same time it had been decided to adopt the Brussels Nomenclature. A number of changes in bound rates were due to technical requirements arising out of the transposition into the new nomenclature, particularly in view of the necessity to combine or split items of the old nomenclature. With regard to the modifications of the margins of preference he stressed that the aim had been that increases and decreases should balance to the largest extent possible. It would in the opinion of his Government be advisable to defer the negotiations and the examination of the margins of preference until a time when some practical experience had been gained of the function of the tariff and any "settling down" adjustments made.
4. The Working Party expressed its understanding of the reasons that had induced the Government of Malawi to revise its customs tariff and to wish to defer the renegotiations and the examination to a later date. In reply to questions by members of the Working Party, the representative of Malawi said that his Government would try to limit any modifications of the tariff during the intervening period to a minimum; it was, however, obviously not possible at the present stage to forecast what changes might be called for in the light of practical experience of the working of the new tariff. Any changes that might be made would be notified to the contracting parties.

5. The representative of Malawi said that his Government would probably be in a position to submit to the CONTRACTING PARTIES about the middle of 1968 a new draft schedule and a cross reference from the previous schedule. At the same time relevant trade and customs statistics would be made available. The representative of Malawi stressed that his Government would be prepared to discuss with any interested contracting party any question relating to the new customs tariff in the time before the opening of the renegotiations.

6. The Working Party agreed to recommend that the CONTRACTING PARTIES grant the Government of Malawi the requested waiver from the provisions of Articles I and II of the General Agreement. In the light of the explanations given by the representative of Malawi referred to in paragraph 5 above, the Working Party further agreed to recommend that contracting parties wishing to take part in the renegotiations should so notify the Government of Malawi not later than 1 September 1968 and that the renegotiations and the examination of the tariff should be concluded not later than 31 December 1968.

7. The Working Party accordingly prepared the attached draft decision for adoption by the CONTRACTING PARTIES.
ANNEX

Draft Decision

Considering that the Government of Malawi acceded to the General Agreement on Tariffs and Trade pursuant to paragraph 5(c) of Article XXVI and thereby committed itself to the tariff concessions specified in Schedule XVI - Federation of Rhodesia and Nyasaland which constituted from that time Schedule LVIII - Malawi;

Considering that the Government of Malawi after careful study put into force on 1 January 1967, a new customs tariff based on the Brussels Nomenclature which, in its view, more closely reflects its economic situation and its plans for economic development;

Considering that the new customs tariff in some instances involves increases in rates of duty bound in Schedule LVIII - Malawi, and also involves increases in margins of preference;

Considering that the Government of Malawi considers it necessary to gain some experience of the operation of its customs tariff and time to renegotiate existing trade agreements before this tariff is submitted to the CONTRACTING PARTIES for examination and before starting the renegotiation of increased duties which are at present bound in Schedule LVIII - Malawi;

The CONTRACTING PARTIES, acting pursuant to the provisions of Article XXV:5 of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956,

Decide, in view of the exceptional circumstances, to suspend the application of the provisions of Articles I and II of the General Agreement to the extent necessary to enable the Government of Malawi to apply rates of duty at present inconsistent with the provisions of the Articles mentioned above, pending examination by the CONTRACTING PARTIES of the new customs tariff and conclusion of renegotiations for the modification or withdrawal of concessions in Schedule LVIII - Malawi; subject to the following conditions:
1. The Government of Malawi shall, as soon as it is in a position to do so, notify the CONTRACTING PARTIES that it is ready to initiate renegotiations and submit a list of the bound duties it has modified or withdrawn, together with appropriate statistical and other relevant documentation.

2. The Government of Malawi will thereafter enter into negotiations or consultations with interested contracting parties following the procedures contained in paragraphs 1 to 3 of Article XAVIII. These negotiations or consultations shall be completed by 31 December 1968.

3. As soon as practicable, but not later than 31 December 1968, the CONTRACTING PARTIES shall examine the extent and nature of any changes in preferential margins arising out of the new customs tariff.