1. The Working Party examined the application submitted by the United Kingdom on behalf of Northern Rhodesia in respect of the import prohibition on "filled" soap (i.e. soap with a fatty acid content of not less than 45 per cent and not more than 62 per cent.)

2. In considering the eligibility of the measure the Working Party agreed that:

(a) it had been notified in accordance with paragraph 11 of Article XVIII, as modified, in respect of Northern Rhodesia, by the decision of the CONTRACTING PARTIES at their second session;

(b) it related to an item on which no obligation had been assumed by Northern Rhodesia under Article II of the Agreement; and

(c) it was not otherwise permitted by the Agreement.

3. The Working Party found some difficulty, however, in considering how far the measure met the criteria of non-discrimination and development.

4. As regards non-discrimination the delegate of the United Kingdom said that the import of "filled" soap was prohibited only from the Belgian Congo, and (by a separate agreement between the two governments) from Southern Rhodesia. But the discrimination was apparent rather than real since these two countries were the only potential suppliers of the commodity to Northern Rhodesia. However, the Government of Northern Rhodesia were prepared to make the measure formally as well as actually non-discriminatory, if the CONTRACTING PARTIES so desired.
5. It was suggested by some members of the Working Party that the development aspect of the measure was subordinate to the purpose of protection against competition from the Belgian Congo. The United Kingdom representative explained that there had been originally three purposes for the measure. The first (which was more significant during the war than at the present time) was to ensure supplies of soap for Northern Rhodesia. The second was the development of the industry which, although small, was valuable in view of Northern Rhodesia's need to diversify her economy, which was far too dependent on the mining industry. The third reason was the need to protect industry against exports of soap from the Belgian Congo in view of certain exceptional circumstances. The export of low-grade palm oil (from which "filled" soap was made) from the Belgian Congo was prohibited although the Belgian Government permitted its use for the manufacture of "filled" soap by domestic producers. On the other hand, there was no prohibition on the export of "filled" soap from the Belgian Congo. Northern Rhodesian manufacturers, not having access to the same cheap raw material, were unable to compete on equal terms with the Belgian Congo soap manufacturers, and the price differential between the products of the two countries, after allowing for a customs duty of 25 per cent in Northern Rhodesia, was considerable.

6. The United Kingdom representative said that, after preliminary discussions in the Working Party, an attempt had been made to negotiate an arrangement with Belgium, in order to fulfil the third purpose of the measure. The United Kingdom delegation had proposed to the Belgian delegation an arrangement by which the import prohibition in Northern Rhodesia would be removed, the Belgian Congo would agree to export to Northern Rhodesia (subject
safeguards about re-export) a quantity of cheap palm oil which would enable Northern Rhodesia to manufacture a part of her requirements of "filled" soap but which would leave a gap to be filled by Belgian Congo suppliers of soap. The Northern Rhodesian Government, after consultation, would have been prepared to negotiate an agreement generally on those lines, but after a delay of two months the Belgian Government had signified a refusal to negotiate.

7. The U.K. representative stated that, considering the development aspect of the measure insufficient to justify its eligibility under Article XVIII, the United Kingdom Government, after consultation with the Government of Northern Rhodesia, had no option but to withdraw the application, in spite of its failure to negotiate an arrangement with the Belgian Government. The measure would accordingly be withdrawn and some other means of protection consistent with the Agreement would be adopted. Since, however, it was not yet known what form such protection should most suitably take, it was necessary that the Government of Northern Rhodesia should have an adequate time to change its arrangements. The United Kingdom representative therefore asked that a period of nine months from the date at which the CONTRACTING PARTIES gave a decision should be allowed for the withdrawal of the measure.

8. The Working Party took note of the statement that the measure would be withdrawn and agreed to recommend to the CONTRACTING PARTIES, in the light of all the circumstances, that the measure might be maintained for a period of nine months from the date of a decision by the CONTRACTING PARTIES.