

20 November 1958

CONFIDENTIAL

FREIGHT DUMPING

(Statement by the Chairman)

Representatives of contracting parties will recall that at the conclusion of the plenary debate on this subject which took place on 14 November, I asked a small informal Working Group to consider the freight dumping problem brought before the CONTRACTING PARTIES by the South African delegation.

The Group has now communicated to me its views. The Group felt that it would be appropriate for the CONTRACTING PARTIES to indicate that they welcome the decision of the South African Government to refer the matter to the CONTRACTING PARTIES before adopting measures to deal with the situation.

Some members of the Group indicated that, in the limited time available, it would not be possible for their governments to give detailed consideration to all the issues which they believed might be involved in the course of action for which the South African Government had sought the formal concurrence of the CONTRACTING PARTIES.

The Group noted, however, that most of the representatives of contracting parties who spoke in the plenary debate on this subject agreed that, on the basis of the facts as presented by the South African Government, it would be less restrictive of international trade, and thus in keeping with the spirit and the objectives of the General Agreement if, instead of raising the normal rates of duty on the particular types of paper, which South Africa is entitled to do because these rates are not bound under the General Agreement, the South African Government were to offset, by means of a countervailing duty, the abnormal freight rate reduction introduced by certain shipping companies on the particular types of paper shipped to South Africa from one country.

In view of the urgency of the problem and the consequent need for immediate remedial action by the South African Government, the Group concluded that the most practical procedure for dealing with the matter at this late stage in the Session would be for the CONTRACTING PARTIES merely to place on record that the plenary discussions on this subject had revealed a wide means of support for the action proposed by South Africa.

It is, of course, recognized that under the applicable provisions of the General Agreement any interested contracting party may seek consultations with South Africa on any aspects of the action which that country might take to avert the threat to the domestic paper industry.

If this procedure is acceptable to contracting parties, the statement I have just made will be included in our summary record.