

18 November 1960

STATEMENT BY THE UNITED STATES DELEGATION  
ON ITEM 27: RHODESIA AND NYASALAND TARIFF  
INTRODUCING THE DRAFT DECISIONS CONTAINED  
IN DOCUMENTS W.17/42 AND W.17/43

The Federation of Rhodesia and Nyasaland has, as requested by the CONTRACTING PARTIES, submitted a proposal for a new base date for margins of preference with respect to imports of products of all countries to which it is entitled to accord tariff preferences, and Australia and the Union of South Africa have submitted proposals with respect to new base dates for their preferences with respect to products of the Federation.

The current proposal by the Federation, as explained in detail in document L/1289 appears to be unfortunately complicated in comparison with the simple base dates of other contracting parties under paragraph 4 of Article I and Annex G. The two proposed decisions contained in W.17/ have been prepared in close consultation with the delegation from the Federation. Their purpose is to simplify the new base date to be established, without substantially departing from the proposal put forward by the Federation.

The base date of 3 December 1955, the date of the original decision of the CONTRACTING PARTIES on the matter, has been substituted for the date of 1 January 1960, proposed in L/1289. This has been done in order to establish a date prior to the preference modifications in relation to newly independent countries, referred to as the first requirement in the Federation's discussion of its proposal. This modification would remove one of the justifications for the complicated reference to dependent territories in the first proviso to the Federation's proposal.

The proposed decision on the base dates would treat the problem of the 1960 adjustments under the 1955 decision, with respect to the five products dealt with in the second proviso to the Federation proposal, in much the same way as is suggested by the Federation. Such adjustments would be deemed, for purposes of the base date, to have been in effect on that date.

However, the United States proposal, for the reasons already explained, suggests as a base date the date of the 1955 decision, rather than the later date suggested by the Federation. Since several other adjustments authorized by that decision have been carried out between this proposed base date and that proposed by the Federation, the draft decision deems not only the 1960 adjustments under the 1955 decision, but all the adjustments made thereunder, to have been in effect on the proposed earlier base date. This takes care of the third requirement in the explanation by the Federation of its proposal, as well as of a consequential effect of the solution we propose for the first requirement.

The second question in the explanation by the Federation of its proposal has given the Government of the United States considerably more concern. It is understood that it is intended to permit the Federation to increase margins of preference with respect to thirteen rather broad categories of products, when originating in dependent territories of the United Kingdom, as to which higher preferential rates were established than would have been established were it not for a desire to protect domestic production within the Federation. We understand the Federation does not intend to utilize such permission very frequently, and then only with regard to relatively narrow categories of products in cases in which such action is requested to assist in the economic development of countries which are treated by the Federation, for tariff purposes, as dependent territories of the United Kingdom.

To us this appears to be a situation which might justify a carefully guarded waiver for new preferences for economic development, as in the case of the Papua-New Guinea waiver, rather than justifying a complicated proviso to the new base date.

Consequently, the second draft decision in W.17/ is such a waiver, with the usual safeguards. If this second problem in the Federation's explanation should be dealt with in this way, and if the first requirement in such explanation is taken care of by us by 3 December 1955 as the base date, it would be possible to eliminate completely the vague and complicated first proviso to the Federation proposal. It would then permit the CONTRACTING PARTIES to set a base date subject only to one simply-worded qualification that certain adjustments should be deemed to have been in effect on that date.

It is understood that, if draft base date decision in W.17/ should be adopted, the Government of the Federation would be prepared to submit to the CONTRACTING PARTIES a document showing the tariff preference margins which, although not in effect on the new base date, would, by the decision, be deemed to have been then in effect.

The Australian base date proposal in document L/1290 has presented no problem in the drafting of the proposed decision. The problem of the new base date for the Union of South Africa in relation to the Federation, discussed in document L/1274, is relatively simple, but has resulted in a clause to the effect that the final adjustment by South Africa under the 1955 waiver, which became effective subsequent to the base date selected by the Union, shall be deemed to have been in effect on that date.