

GENERAL AGREEMENT ON TARIFFS AND TRADE

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PAKISTAN LICENCE FEE AND DUTY ON EXPORTS OF JUTE

ADDENDUM

Note by the Indian Delegation on Discriminatory Charges Levied by Pakistan on Exports of Raw Jute to India

1. The Government of Pakistan charges a licence fee of Rs.2/8/- (Pakistan) per maund on raw jute exports to India. This fee is not levied by Pakistan on exports of raw jute to countries other than India. Further, Pakistan charges export duties on raw jute according to the standard of packing - the rates being Rs.15/- per bale of 400 lbs. on raw jute in standard packing and Rs.18/12/- per bale of 400 lbs. in inferior packing. As the Indian jute mills are located close to the jute growing areas of Pakistan, most of the raw jute in inferior or loose packing finds its way to India and is seldom exported to other destinations by Pakistan. In effect, therefore, the higher rate of export duty on jute in loose or inferior packing affects only the Indian importers.

2. These discriminatory levies have made Pakistan raw jute - the prices fixed by the Pakistan Government of the various types of raw jute being already high - uneconomic to the Indian jute mills. Efforts made by the Government of India to find a solution to the problem posed by these discriminatory charges at the trade talks held between India and Pakistan in July last did not prove successful. The Pakistan representative to that conference took up an unhelpful stand which was briefly as follows.

India now required only a part of Pakistan's total production of raw jute and Pakistan had, therefore, to depend on other countries to sell the major part of her production. In order to ensure that the other consumers of Pakistan's raw jute continue to import raw jute from Pakistan, she had to make her raw jute costlier to India and cheaper to other countries so that those other countries are enabled thereby to withstand competition from Indian manufactured jute goods in the world market.

The purpose of this discriminatory treatment by Pakistan was again made abundantly clear by the Commerce and Industry Minister of Pakistan in a press interview on 25 August 1952 in the following terms:-

"It has been calculated that if the mills elsewhere¹ are to be enabled to compete in the export market at last year's level, they will require a price advantage of Rs.2/8/- a maund, which is the licence fee on exports to India. With this continuing price advantage, we expect to sell 35 lakh bales to other countries."

3. In the circumstances, the Government of India have lodged a formal written protest with the Government of Pakistan on 3 October 1952. The stated aims and the effects of the discriminatory measures enforced by Pakistan are injurious to the interests of India and the Government of India are constrained to refer the matter to the CONTRACTING PARTIES for a decision under Article XXIII of the General Agreement on Tariffs and Trade. In the opinion of the Government of India, Pakistan has failed to carry out its obligations under the General Agreement and is enforcing a measure in violation of the provisions of Article I of the Agreement and the principles of non-discrimination on which that Article is based.

¹ countries other than India.