

No. 7454

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
SOUTH AFRICA**

Exchange of notes (with annex) constituting an agreement regarding the changes which the Government of the United Kingdom propose to introduce in their production and trade policies relating to cereals. London, 22 June 1964

Official text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 4 November 1964.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
AFRIQUE DU SUD**

Échange de notes (avec annexe) constituant un accord relatif aux changements que le Gouvernement du Royaume-Uni envisage d'apporter à sa politique en matière de production et de commerce de céréales. Londres, 22 juin 1964

Texte officiel anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 4 novembre 1964.

No. 7454. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA REGARDING THE CHANGES WHICH THE GOVERNMENT OF THE UNITED KINGDOM PROPOSE TO INTRODUCE IN THEIR PRODUCTION AND TRADE POLICIES RELATING TO CEREALS. LONDON, 22 JUNE 1964

I

The Minister of State for Foreign Affairs to the South African Ambassador

FOREIGN OFFICE, S.W. 1

June 22, 1964

Your Excellency,

I should like to refer to previous exchanges between the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of the Republic of South Africa (hereinafter referred to as "the Government of South Africa") regarding the changes which the Government of the United Kingdom propose to introduce in their production and trade policies relating to cereals. In framing their proposals the Government of the United Kingdom have had in mind their responsibility for maintaining conditions under which a stable and efficient agricultural industry in the United Kingdom can develop its prosperity and also their responsibility as one of the major importers of cereals in the world towards their overseas cereals suppliers. The Government of the United Kingdom have also taken into account that they, and the Governments of other countries who are major importers and exporters of cereals, are at present taking part in discussions in the Cereals Group of the General Agreement on Tariffs and Trade² convened for the negotiation of appropriate international arrangements for cereals under the terms of the resolution of Ministers at the Ministerial Meeting of the General Agreement on Tariffs and Trade, 21st May, 1963.³

¹ Came into force on 22 June 1964 by the exchange of the said notes.

² See footnote 2, p. 4 of this volume.

³ See footnote 3, p. 4 of this volume.

2. Pending the conclusion of long-term international cereals arrangements, the Government of the United Kingdom have declared their intention of introducing adaptations into their existing cereals policy with the objectives of promoting greater stability in the United Kingdom cereals market, and of maintaining a fair and reasonable balance between home production and imports. The measures which the Government of the United Kingdom intend to introduce for securing these objectives are : first, to restrain financial assistance so as to discourage the increase of domestic cereals production above a level consistent with these objectives, and second, to operate, in co-operation with their overseas suppliers, a system of minimum import prices for the main cereals, cereal products, and by-products.

3. As a result of exchanges between the Government of the United Kingdom and their four principal overseas suppliers of cereals, agreement has been reached on arrangements for co-operation in a system of minimum import prices. In addition the Government of the United Kingdom have given certain assurances to their four principal overseas suppliers relating to continued access into the United Kingdom market for cereals imports, the benefits of which will also accrue to other suppliers.

4. The Government of the United Kingdom, after consultation with the Government of South Africa and other co-operating Governments, have advised the Government of South Africa of the cereals, cereal products and by-products for which, subject to the approval of Parliament, it is proposed initially to specify minimum import prices, and these are set out in the attached Annex.¹ As regards the minimum import prices to be applied to the initial range of products the Government of the United Kingdom have consulted the Government of South Africa and other co-operating Governments and it is understood that if the prices prescribed are as agreed, they will be acceptable to the Government of South Africa. Any subsequent changes shall be a matter for consultation between the Government of the United Kingdom and the co-operating Governments, and as regards any changes which affect the particular interests of the Government of South Africa, the Government of the United Kingdom shall seek the agreement of the Government of South Africa.

5. The Government of the United Kingdom shall take action to maintain the levels of the prescribed minimum import prices by such levies on imports as may be necessary for this purpose. Subject to your confirmation of the willingness of the Government of South Africa to co-operate in these arrangements, the Government of the United Kingdom shall exempt from levies all imports of products in the attached Annex which originated in and were consigned from South Africa to the United Kingdom except in the following circumstances :

¹ See p. 78 of this volume.

- (i) When the general level of offering prices to the United Kingdom market from South Africa for any product in the attached Annex is (after taking into account any customs duty chargeable) below the appropriate prescribed minimum import price for that product, the Government of the United Kingdom may, after notifying the Government of South Africa, apply a levy generally equivalent to the difference between the two to that product for so long as such conditions make it necessary.
- (ii) When an individual parcel of any product in the Annex originated in and was consigned from South Africa to the United Kingdom and the price paid for that parcel, together with any customs duty chargeable and any levy applicable under sub-paragraph (i) above is less than the appropriate minimum price, a levy equal to the difference between the two may be applied.

In the circumstances described in sub-paragraphs (i) and (ii) above such levies may be applied by the Government of the United Kingdom notwithstanding their commitments to the Government of South Africa with respect to the products listed in the Annex, as specified in Schedule XIX¹ annexed to the General Agreement on Tariffs and Trade, and under the Agreement between the Government of the United Kingdom and the Government of South Africa signed at Ottawa on 20th August, 1932. It is also the intention of the Government of the United Kingdom that in the implementation of these arrangements suitable provision shall be made to avoid prejudice to normal trade practices of forward contracting.

6. The Government of the United Kingdom shall review the minimum import price arrangements before the beginning of each crop year commencing on the 1st July, or on request during a crop year, in consultation with the Government of South Africa and other co-operating Governments. If it is found as a result of such a review that the minimum import price arrangements have resulted in an appreciable distortion of the pattern of trade in the products covered by this Note between co-operating Governments supplying the United Kingdom and in consequence have damaged or threaten to damage the established trade interests of the Government of South Africa, the Government of the United Kingdom shall take effective corrective action in consultation with the Government of South Africa and other co-operating Governments and in accordance with the procedures outlined in paragraph 4 above to remedy the situation.

7. It is the intention of the Government of the United Kingdom so to operate the minimum import price system that it shall not result in an impairment of the benefits enjoyed by preferential suppliers from their existing preferences in the United Kingdom market. If it is found that this intention is not fulfilled or threatens not to be fulfilled, the Government of the United Kingdom shall take effective corrective action after consultation with other co-operating Governments.

¹ See footnote 1, p. 7 of this volume.

8. In the light of all these considerations it is the understanding of the Government of the United Kingdom that the Government of South Africa will co-operate so far as practicable in the operation and observance of minimum import prices prescribed for the products covered in the Annex to this Note subject to the understandings set out herein.

9. This Agreement may be terminated by either Government giving not less than four months' notice in writing. It is also understood that any measures taken as a result of this Exchange of Notes shall be terminated in so far as it is mutually agreed that they may be inconsistent with, or superseded by, the provisions of any international arrangements to which both the Government of the United Kingdom and the Government of South Africa later become parties. Consultations regarding the operation of this Agreement may be held at any time at the request of either Government.

10. If the foregoing is acceptable to the Government of South Africa, I have the honour to suggest that this Note, together with its Annex, and your Excellency's reply to that effect, shall be regarded as constituting an Agreement between the two Governments, which shall enter into force on this day's date.

I have, etc.

DUNDEE

ANNEX

COMMODITIES TO BE SPECIFIED

<i>Tariff Heading</i>	<i>Description</i>
B.N. 10.01	Wheat and meslin.
B.N. 10.03	Barley.
B.N. 10.04	Oats.
Ex B.N. 10.05	Maize other than sweet corn on the cob.
Ex B.N. 10.07	Grain sorghum.
Ex B.N. 11.01	Cereal flours other than rice flour.
Ex B.N. 11.02	Cereal groats, cereal meals, other worked cereals and germs of cereals other than : (a) rice groats, rice meal, germ of rice and other worked rice ; (b) blocked, pot and pearled barley.
Ex B.N. 23.02	Bran, sharps and other residues derived from the sifting, milling or working of cereals other than of rice, and excluding the residues of leguminous vegetables.

II

The South African Ambassador to the Minister of State for Foreign Affairs

London, 22nd June, 1964

My Lord,

I have the honour to acknowledge the receipt of Your Lordship's Note of the 22nd of June, 1964, which reads as follows :

[See note I]

In reply, I have the honour to inform you that the foregoing is acceptable to the Government of the Republic of South Africa, who therefore regard Your Lordship's Note, together with its Annex, a copy of which I enclose, and this reply as constituting an Agreement between the two Governments in this matter which shall enter into force on this day's date.

I avail, etc.

C. P. C. DE WET