



BOARD OF TRADE

TRADE AGREEMENT

between His Majesty's Government
in the United Kingdom
and the Government of India

London, March 20, 1939

*Presented by the President of the Board of Trade
to Parliament by Command of His Majesty
March, 1939*

LONDON

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UNITED KINGDOM—INDIA

TRADE AGREEMENT

His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and the Government of India, having resolved, so far as the relations between them are concerned, to replace by the present Agreement the Agreement concluded between them at Ottawa on the 20th August, 1932, have agreed upon the following provisions :—

ARTICLE 1

His Majesty's Government in the United Kingdom undertake that goods grown, produced or manufactured in India and consigned from any part of the British Empire which are now free of duty shall continue to enjoy entry free of customs duty into the United Kingdom.

ARTICLE 2

His Majesty's Government in the United Kingdom undertake, in respect of the goods the growth, produce or manufacture of India enumerated in Schedule I to this Agreement, that the difference between the rates of the duties of customs on such goods on importation into the United Kingdom when consigned from any part of the British Empire and the rates upon similar goods the growth, produce or manufacture of any foreign country shall not be less than the rates set out in that schedule.

ARTICLE 3

His Majesty's Government in the United Kingdom undertake that, in the event of any greater preference than the preference accorded by this Agreement being accorded in respect of goods of the kinds specified in Schedule I the growth, produce or manufacture of any other part of the British Empire, such greater preference will be extended to similar goods grown, produced or manufactured in India and consigned from any part of the British Empire.

ARTICLE 4

His Majesty's Government in the United Kingdom undertake to maintain until the 19th August, 1942, for tobacco grown, produced or manufactured in India and consigned from any part of the British Empire the existing margin of preference over foreign tobacco, so long, however, as the duty on foreign unmanufactured tobacco does not fall below 2s. 0½*d.* per pound, in which event the margin of preference shall be equivalent to the full duty.

ARTICLE 5

His Majesty's Government in the United Kingdom recognise the importance attached by the Government of India to the development of the use of unmanufactured Indian tobacco by tobacco manufacturers in the United Kingdom, and undertake that they will co-operate in any further measures that may appear necessary and practicable in order to facilitate the marketing of such tobacco in the United Kingdom.

ARTICLE 6

1. His Majesty's Government in the United Kingdom undertake that on and after the 15th August, 1939, drawback of duty shall not be allowed in the case of goods other than linseed oil, unmixed, manufactured in the United Kingdom and exported or shipped as stores therefrom in respect of linseed used in the manufacture of such goods. For the purposes of this Article "linseed oil" includes linseed oil refined or heat-treated or both refined and heat-treated, and "unmixed" means not mixed with any substances other than driers.

2. His Majesty's Government in the United Kingdom undertake that on and after the 15th August, 1939, drawback shall not be allowed in the case of ground-nut oil (hydrogenated or not) manufactured in the United Kingdom and exported or shipped as stores therefrom in respect of ground-nuts used in the manufacture of such oil.

ARTICLE 7

His Majesty's Government in the United Kingdom undertake that the goods specified in Schedule II to this Agreement, of whatever origin and from whatever place arriving, shall be admitted into the United Kingdom free of customs duty.

ARTICLE 8

The Governments of the non-self-governing Colonies, the Protectorates and Protected States will accord to India any preference which may for the time being be accorded to any other part of the

British Empire, and the Governments of the Colonies and Protected States shown in Schedule III to this Agreement will accord to India preferences on the commodities and at the rates shown therein.

Provided that the operation of the first paragraph of this Article shall not extend to any preferences accorded by Northern Rhodesia to the Union of South Africa, Southern Rhodesia and the High Commission Territories in South Africa.

Provided also that in the case of Ceylon the first paragraph of this Article shall apply only so far as is consistent with the terms of Article 13 of this Agreement.

ARTICLE 9

The Government of India undertake, in respect of goods the growth, produce or manufacture of the United Kingdom of the kinds specified in Schedule IV to this Agreement which comply with the laws and statutory regulations for the time being in force defining Empire goods for the purpose of customs duties, that the difference between the rates of customs duties on such goods on importation into India and the rates upon similar goods the growth, produce or manufacture of any foreign country shall not be less than the margins set out in that schedule.

ARTICLE 10

1. In this Article :—

The expression "cotton year" means a year beginning on the 1st January.

The expression "cotton piece goods year" means a year beginning on the 1st April.

A cotton piece goods year and the cotton year in which that cotton piece goods year begins are referred to as "corresponding"; and the expression "the following cotton piece goods year" means in relation to a cotton year the cotton piece goods year beginning on the 1st April next after the end of that cotton year.

The word "yard" means a linear yard.

The word "bale" means the weight of lint cotton contained in the standard Indian bale of gross weight 400 lb. and nett weight 392 lb.

The expression "United Kingdom cotton piece goods" means fabrics manufactured in the United Kingdom of the kinds which, at the date of the signature of this Agreement, were assessable to duty on import into British India under item 48(3) or item 48(9) of the First Schedule to the Indian Tariff Act, 1934, at the rates applicable to fabrics of British manufacture.

The expression "Indian raw cotton" means raw cotton grown in India.

2. His Majesty's Government in the United Kingdom undertake that they will continue to use all possible efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in all possible ways, including technical research, commercial investigation, market liaison and industrial propaganda. They have taken note that it is the desire of cotton growers in India that as much as possible of their production of short and fair staple varieties of cotton should be absorbed in the United Kingdom. They have also taken note, and invite the Government of India to take note, that the Lancashire Indian Cotton Committee, set up by His Majesty's Government in the United Kingdom to stimulate the consumption of Indian cotton, have expressed their sympathy with that desire and their intention to take all practicable steps to assist in its fulfilment. It is recognised that the fulfilment of the foregoing objectives largely depends on the continued pursuit by all interests concerned in India of the policy of improving the quality and staple of Indian cotton exported to the United Kingdom by all practicable means.

3. From the entry into force of this Agreement the customs duties charged on imports into India of United Kingdom cotton piece goods shall not, save as provided in paragraphs 5 and 7, exceed the following rates, hereinafter referred to as the basic rates, namely :—

- (a) Printed goods— $17\frac{1}{2}$ per cent. *ad valorem* ;
- (b) Grey goods—15 per cent. *ad valorem*, or 2 annas $7\frac{1}{2}$ pies per lb., whichever is the higher ;
- (c) Other goods—15 per cent. *ad valorem*.

4. If in any cotton piece goods year the total quantity of United Kingdom cotton piece goods imported into India does not exceed 350 million yards, the duties charged on imports of such goods into India after the end of that year, and until the end of any cotton piece goods year in which the total quantity of such goods imported into India exceeds 425 million yards, shall not exceed the basic rates reduced by $2\frac{1}{2}$ per cent. *ad valorem*, and a proportionate reduction shall apply to the alternative specific duty on United Kingdom grey cotton piece goods.

5. If in any cotton piece goods year the total quantity of United Kingdom cotton piece goods imported into India exceeds 500 million yards, the duties charged on imports of such goods into India in the following cotton piece goods year may be increased above the basic rates to such rates as may be deemed necessary for the purpose of restricting imports of such goods during the year to the maximum yardage figure for the preceding cotton piece goods year, but shall be reduced to the basic rates (or, where the provisions of paragraph 4 are applicable, in accordance with those provisions) after the end of any cotton piece goods year in which the total quantity of such imports into India has not exceeded 425 million yards.

The expression "maximum yardage figure" for any cotton piece goods year means 500 million yards, or, for a year corresponding to a cotton year in which there is a deficiency, as defined in paragraph 6, 500 million yards reduced by the appropriate figure in accordance with the provisions of paragraph 6.

6. For the purpose of determining the appropriate rates of duty to be charged on United Kingdom cotton piece goods under this Article, the quantity of United Kingdom cotton piece goods actually imported into India in any cotton piece goods year corresponding to a cotton year in which there is a deficiency shall be deemed to have been increased by 25 million yards for every 50,000 bales of the deficiency or for any part thereof, provided that the deficiency does not exceed 100,000 bales in the cotton year ending 31st December, 1939, and 150,000 bales in any subsequent cotton year.

The word "deficiency" means the amount by which imports of Indian raw cotton into the United Kingdom fall below the following quantities :—

	<i>Bales.</i>
For the cotton year ending 31st December, 1939	500,000
For the cotton year ending 31st December, 1940	550,000
For every subsequent cotton year	600,000

7. Notwithstanding anything contained in the preceding paragraphs, if the imports of Indian raw cotton into the United Kingdom fall below 400,000 bales in the cotton year ending 31st December, 1939, or in the cotton year ending 31st December, 1940, and 450,000 bales in any other cotton year, the duties charged on imports of United Kingdom cotton piece goods into India in the following cotton piece goods year may be increased above the basic rates to such extent as the Government of India may, after consultation with His Majesty's Government in the United Kingdom, determine.

8. (1) If in any cotton year the quantity of Indian raw cotton imported into the United Kingdom exceeds 750,000 bales, the rate of duty charged on United Kingdom printed cotton piece goods imported into India in the following cotton piece goods year shall not exceed the duty charged in that year on other United Kingdom cotton piece goods imported into India.

(2) If in any cotton piece goods year in which a reduction in the duty on United Kingdom printed cotton piece goods takes effect under the provisions of this paragraph, or in any following cotton piece goods year in which the same reduction remains in force, the quantity of United Kingdom printed cotton piece goods imported into India is in excess of the quantity of such goods so imported in the cotton piece goods year immediately preceding that in which

the said reduction first took effect, such excess up to a maximum quantity of 25 million yards shall not be taken into account for the purposes of determining whether or not the figure of 425 million yards specified in paragraph 4 of this Article or the figure of 500 million yards specified in paragraph 5 of this Article has been exceeded.

9. For the purpose of calculating imports in any cotton year or cotton piece goods year under this Article there shall be deducted the amount of re-exports from the United Kingdom of Indian raw cotton in that year and the amount of re-exports from India of United Kingdom cotton piece goods in that year.

10. Any alteration of the duties charged on United Kingdom cotton piece goods imported into India which falls due to be made under the provisions of this Article shall come into effect not later than the 17th April of the cotton piece goods year to which it relates, and the relative provisions of this Article shall be deemed to have been duly fulfilled if such alteration takes effect on or before that date.

ARTICLE 11

The Government of India undertake to accord to the non-self-governing Colonies, the Protectorates and Protected States, and the Mandated Territories of Tanganyika, the Cameroons under British Mandate and Togoland under British Mandate, preferences on the commodities which comply with the laws and statutory regulations for the time being in force defining Empire goods for the purpose of customs duties and at the rates shown in Schedule V to this Agreement, and also any preferences for the time being accorded to any part of the British Empire other than Burma if His Majesty's Government in the United Kingdom so request.

Provided that the Government of India shall not be bound to accord any preference to Ceylon except as provided in Article 13 of this Agreement.

Provided further that the Government of India shall not be bound to continue to accord any preferences to any Colony, Protectorate or Protected State which, not being precluded by international obligations or, in the case of Nigeria, by the declared policy of His Majesty's Government in the United Kingdom from according preferences, either (i) accords to India no preferences or (ii) accords to some other part of the British Empire (in the case of Northern Rhodesia, excepting the Union of South Africa, Southern Rhodesia and the High Commission Territories in South Africa) preferences not accorded to India.

ARTICLE 12

The Government of India undertake to accord to goods the growth, produce or manufacture of any of the non-self-governing Colonies, the Protectorates and Protected States, and the Mandated Territories

of Tanganyika, the Cameroons under British Mandate, Togoland under British Mandate and Palestine, treatment not less favourable than that accorded to similar goods the growth, produce or manufacture of any foreign country.

ARTICLE 13

1. The Government of India will, as soon as may be after the conclusion of this Agreement, enter into negotiations with the Government of Ceylon regarding the trade relations between India and Ceylon.

2. The Government of Ceylon will continue in force during the interim period the preferences at present accorded to India as set out in Schedule III to this Agreement, and the Government of India will continue to accord during the interim period :—

(a) to Ceylon the preferences to be accorded under Article 11 ;
and

(b) to Ceylon and to the Colonies, Protectorates, Protected States and Mandated Territories to which preferences are to be accorded under Article 11, preferences at the rates shown in Schedule VI to this Agreement on the commodities named in that schedule which comply with the laws and statutory regulations for the time being in force defining Empire goods for the purpose of customs duties.

3. In this Article the expression " the interim period " means a period ending on the date on which any Agreement between the Government of India and the Government of Ceylon resulting from the negotiations heretofore mentioned comes into effect, or a period of six months from the date on which the present Agreement comes into effect, whichever is the shorter. Provided that, if it appears likely that the said negotiations will be protracted beyond the said period of six months, His Majesty's Government in the United Kingdom and the Government of India shall consider in consultation whether the interim period should be extended.

ARTICLE 14

His Majesty's Government in the United Kingdom undertake to extend to India any tariff preferences which are, or may be, accorded to Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, Eire, Newfoundland, Southern Rhodesia or Burma, and the Government of India undertake to extend to the United Kingdom any tariff preferences which are, or may be, accorded to Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, Eire, Newfoundland or Southern Rhodesia.

ARTICLE 15

In the event of circumstances arising which, in the judgment of His Majesty's Government in the United Kingdom or of the Government of India, as the case may be, necessitate a variation in the terms of this Agreement, the proposal to vary its terms shall be the subject of consultation between the two Governments.

ARTICLE 16

This Agreement shall come into force on a date to be mutually agreed between the two Governments. On the coming into force of the present Agreement, the Agreement concluded between His Majesty's Government in the United Kingdom and the Government of India at Ottawa on the 20th August, 1932, shall cease to have effect between the United Kingdom and India. Pending the coming into force of the present Agreement, the two Governments will apply its provisions as far as may be possible. The present Agreement shall continue in force until the 31st March, 1942. Unless six months before the 31st March, 1942, notice of termination shall have been given by either Government to the other, the Agreement shall remain in force until the expiry of six months from the date on which a notice of termination is given.

Done in duplicate, at London, this twentieth day of March, 1939.

Signed on behalf of His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland :

OLIVER STANLEY.

Signed on behalf of the Government of India :

FIROZ KHAN NOON.

SCHEDULE I

(See Articles 2 and 3.)

(a) Preferences at a rate of 10 per cent. *ad valorem*—

Bones.

Castor seed.

Coir yarn.

Cotton yarns, unbleached, up to No. 40 count.

Goatskins, raw, dried, salted or pickled, but not further treated, of varieties supplied by India to the United Kingdom.

Gram or chick pea.

Ground-nuts.

Hardwoods, hewn or sawn, the following—

Indian hardwoods—

Tectona grandis (teak).*Dipterocarpus* species (gurjun).*Terminalia crenulata* (also known as *Terminalia tomentosa*) (laurel).*Terminalia bialata* (silver greywood and white chuglam).*Dalbergia latifolia* (rosewood or Bombay blackwood).*Diospyros* species (ebony, including Andaman marblewood).*Pterocarpus dalbergioides* (Andaman padauk).*Chloroxylon swietenia* (satinwood).*Canarium euphyllum* (white dhup).*Santalum album* (sandalwood).*Albizia lebbek* (kokko).

Similar foreign hardwoods—

Tectona grandis (teak).*Chlorophora excelsa* (iroko or "African teak").*Hopea*, *Shorea*, *Parashorea* and *Pentacme* species (yakal, bangkirai and lauan).*Dipterocarpus* species (apitong, bagac, keruing, yang and dau).*Dryobalanops* species (kapur, kamfer or Borneo camphorwood).*Terminalia crenulata* (also known as *Terminalia tomentosa*) (laurel).*Terminalia superba* (fraké, limba, limbo or noyer du Mayombe).*Dalbergia nigra* (Brazilian rosewood).*Diospyros* species (ebony).*Pterocarpus* species (padauk).*Zanthoxylum flavum* (satinwood).*Canarium* species.*Santalum* species (sandalwood).

Leather, undressed—hides, other than sole leather.

Leather, undressed—skins.

Linseed.

Magnesite.

Oil-seed cake and meal.

Paraffin wax.

Sandalwood oil.

Soya beans.

Spices, the following—

Pepper, ginger and cardamoms.

- (b) Preferences at a rate of 15 per cent. *ad valorem*—
 Castor oil, linseed oil, coconut oil, ground-nut oil, rape oil and
 sesamum oil.
 Granite setts and curbs.
 Leather, dressed—
 (i) Box and willow calf, box and willow sides, and other chrome
 tanned calf, kip and hide leather, but not patent leather or
 machinery belting.
 (ii) Reptile leather of the following descriptions—
 Snake, lizard, crocodile and alligator skins, not shaped or subjected
 to any process other than dressing or dressing and colouring.
 Manufactures wholly of jute, the following—
 Cordage, cables, ropes and twine (including polished, starched or
 glazed singles, and all multiples).
- (c) Preferences at a rate of 20 per cent. *ad valorem*—
 Coir mats and matting.
 Manufactures wholly of cotton, the following—
 Tissues and like materials.
 Household goods and similar articles for non-domestic use.
 Blankets, shawls, coverlets and travelling rugs.
 Handkerchiefs.
 Manufactures wholly of jute, the following—
 (i) Tissues not made up (not including rags).
 (ii) Sacks and bags of a shape similar to sacks.
- (d) Preference at a specific rate of 1s. per cwt.—
 Magnesium chloride.
- (e) Preference at a specific rate of 9s. 4d. per cwt.—
 Coffee.
- (f) Preference at a specific rate of 2d. per lb.—
 Tea.
- (g) Preferences at a specific rate of $\frac{3}{4}$ d. per lb.—
 Rice, husked, including cargo rice and cleaned rice whole, but not
 including broken rice.
 Rice in the husk.
- (h) Preferences at the undermentioned rates—
 Carpets, carpeting and floor rugs, wholly or partly of wool, and not
 containing any silk or artificial silk—
 (i) Hand made, knotted 4s. 6d. per sq. yard,
 exclusive of fringes.
 (ii) Other kinds 20 per cent. *ad
 valorem*.

SCHEDULE II

(See Article 7.)

Shellac, seed lac, stick lac, and other varieties of these lacs.

Jute, raw.

Myrabolams.

Mica slabs and splittings.

Hemp of the variety *crotalaria juncea*, not further dressed after scutching or decorticating; tow of such variety of hemp.

SCHEDULE III

(See Articles 8 and 13.)

(1) Ceylon.

(a) At a rate of not less than 5 per cent. *ad valorem*—

Cotton piece goods:

Fruit, dried or otherwise preserved without sugar (except canned fruit and currants, dates and raisins).

Tanks and drums of iron and steel, black painted or galvanised.

(b) At a rate of not less than 10 per cent. *ad valorem*—

Cotton yarn.

Fruit, fresh, dried or otherwise preserved, except currants and except those fruits to which a preference of not less than 5 per cent. *ad valorem* applies under Section (1) (a) of this schedule.

Iron and steel, including machinery other than oil pressing and refining, but excluding the following—

Tea chest fittings.

Sheets and circles declared to be imported for the purpose of manufacturing drums for the export of Ceylon produce.

Plain plates and sheets, flat or corrugated, not fabricated.

Expanded metal and other materials for reinforcement, not fabricated.

Rolled angles, bulbs, channels, shapes and sections, H iron, girders, tees, beams, joists, pillars and rails, not fabricated.

Bars, rods and slabs, including blister, jumper and tool steel, not fabricated.

Staples and wire nails.

Unwrought metal (including pig iron).

Tanks and drums, black painted or galvanised.

Vegetables, preserved or tinned, but not dried.

Pig lead, except lead sheets, tea lead or foil.

Teak and other hardwoods (excluding manufactures thereof).

Perfumery, cosmetics, powder and toilet preparations (except perfumed spirits).

Apparel of woollen, silk and artificial silk and mixed material.

Boots and shoes (other than canvas, rubber-soled).

Woollen carpets and rugs.

(c) At specific rates—

Vegetables fresh or dried (including fresh chillies but excluding onions, potatoes and garlic)	.. .. .	at the rate of 1 rupee per cwt.
Beans .. .. .	.. .. .	at the rate of 50 cents. per cwt.
Tea .. .. .	.. .. .	at the rate of 12½ cents. per lb.
Beedies .. .. .	.. .. .	at the rate of 50 cents. per lb. gross weight.
Cigars .. .. .	.. .. .	at the rate of 75 cents. per lb.
Snuff .. .. .	.. .. .	at the rate of 50 cents. per lb.
Hooka and beedy tobacco .. .. .	.. .. .	at the rate of 30 cents. per lb.
Cigarettes .. .. .	.. .. .	at the rates per lb. specified below as against cigarettes manufactured in foreign countries :—

(i) Manufactured in the British Empire from Empire-grown tobacco—

(a) Sold wholesale at not more than Rs. 11 per lb. nett	.. .. .	Rs. 2
(b) Sold wholesale at more than Rs. 11 per lb. nett	.. .. .	Re. 1

(ii) Manufactured in the British Empire from foreign tobacco—

(a) Sold wholesale at not more than Rs. 11 per lb. nett	.. .. .	Re. 1-50
(b) Sold wholesale at more than Rs. 11 per lb. nett	.. .. .	50 cents.

(iii) Manufactured in the British Empire from Empire-grown and foreign tobacco at rates intermediate between (i) and (ii) above according to the certified proportion of Empire and foreign leaf content.

Other manufactured tobacco .. at the rate of 75 cents. per lb.

(2) The Governments of Malaya other than the Straits Settlements.

(a) At a rate of not less than 10 per cent. *ad valorem*—

Ground-nuts.
Cotton piece goods.

And, so long as it is consistent with the tariff policies of the Governments to impose a customs duty on the commodity in question—

Perfumery.

(b) At 2 cents. per lb.—

So long as it is consistent with the tariff policies of the Governments to impose customs duties on the commodities in question—

Ground-nut oil (Kachang oil).
Gingelly oil.

(3) The Governments of Malaya including the Straits Settlements.

At 10 cents. per lb.—

Unmanufactured tobacco.

SCHEDULE IV

(See Article 9.)

Tariff Item.	Article.	Margin of preference.
22 (5) (b)	Drugs and medicines containing spirit— (i) entered in such a manner as to indicate that the strength is not to be tested ..	Rs. 4 per Imperial gallon.
	(ii) not so entered	Rs. 3 per Imperial gallon of the strength of London proof.
25 (4) Ex 28	Cement not otherwise specified Chemicals, drugs and medicines, all sorts not otherwise specified (except hydrochloric, nitric, sulphuric, tartaric and other acids, anhydrous ammonia, potassium bichromate and other potassium compounds, sodium bichromate, sodium cyanide and sodium carbonate) ..	10 per cent.
30	Paints, colours and painters' materials, all sorts not otherwise specified, including paints, solutions and compositions containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934	10 per cent.
30 (2)	Paints, colours and painters' materials, the following, namely :— (a) Red lead, genuine dry, genuine moist and reduced moist. (b) White lead, genuine dry. (c) Zinc white, genuine dry. (d) Paints, other sorts, coloured, moist ..	10 per cent.
49 (1)	Fents, being <i>bona fide</i> remnants of piece goods or other fabrics	10 per cent.
Ex 49 (4)	Woollen carpets, floor rugs, shawls and other manufactures of wool, not otherwise specified, including felt but excluding woollen waste and rags	10 per cent.
63 (14)	Iron or steel hoops and strips	10 per cent.
63 (24)	Iron or steel barbed or stranded wire and wire rope ..	10 per cent.
64	Copper, wrought, and manufactures of copper, all sorts not otherwise specified	10 per cent.
72 (5)	Domestic refrigerators	10 per cent.
Ex 72 (6)	Sewing and knitting machines and parts thereof ..	10 per cent.
Ex 73	Electrical instruments, apparatus and appliances, not otherwise specified, excluding telegraphic and telephonic (except batteries, accumulators and electro-medical apparatus)..	10 per cent.

Tariff Item.	Article.	Margin of preference.
73 (1)	<p>The following electrical instruments, apparatus and appliances, namely :—</p> <p>Electrical control gear and transmission gear, namely, switches (excluding switchboards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts; bare or insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified..</p>	10 per cent.
73 (4)	Wireless reception instruments and apparatus and component parts thereof, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed	10 per cent.
75 (1)	Motor cars including taxi cabs and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof	7½ per cent.
75 (2)	Motor cycles and motor scooters and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof	7½ per cent.
75 (3)	Motor omnibuses; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories not otherwise specified, excluding rubber tyres and tubes	7½ per cent.
Ex 75 (4)	Cycles (other than motor cycles) imported entire or in sections and parts and accessories thereof, excluding rubber tyres and tubes	10 per cent.
Ex 77	Instruments, apparatus and appliances other than electrical, all sorts not otherwise specified, including photographic, but excluding scientific, philosophical and surgical	10 per cent.

SCHEDULE V

(See Article 11.)

- (a) Preferences at a rate of not less than 10 per cent. *ad valorem*—
- Asphalt.
 - Soda ash, including calcined, natural soda, and manufactured sesqui-carbonates.
 - Gum arabic.
 - Gum benjamin, ras and cowrie.
 - Gum dammer.
 - Dammer batu, unrefined.
 - Rosin.
 - Cutch.
 - Gambier, all sorts.
 - Coconut oil.
 - Fresh vegetables.
 - Vegetables, dried, salted or preserved.
 - Fruit and vegetables, canned and bottled.
 - Fruit juices.
 - Sisal and aloe fibre.
 - Ivory, unmanufactured.
 - Sago (but not sago flour).
 - Tapioca and tapioca flour.
 - Artificial teeth.

And so long as it is consistent with India's tariff policy to impose customs duties on the commodities in question—

Fresh fruits (other than coconuts).

Dried, salted or preserved fruits.

- (b) Preferences at a rate of $7\frac{1}{2}$ per cent. *ad valorem*—
- Betelnuts.
 - Unground spices (other than cardamoms).
 - Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper—ground.
- And, so far as preferences are granted to the United Kingdom, drugs and medicines and apparel of all kinds.
- (c) Preferences at specific rates—
- | | | | | | | |
|------------------------|----|----|----|----|----|---|
| Bitters | .. | .. | .. | .. | .. | at the rate of Rs. 3-12 per gallon. |
| Coffee | .. | .. | .. | .. | .. | at the rate of 1 anna per lb. |
| Rum | .. | .. | .. | .. | .. | at the rate of Rs. 3-12 per proof gallon. |
| Unmanufactured tobacco | .. | .. | .. | .. | .. | at the rate of 8 annas per lb. |

SCHEDULE VI

(See Article 13.)

- (a) Preferences at a rate of not less than 10 per cent. *ad valorem*—
- Citronella oil.
 - Cinnamon oil.
 - Cinnamon-leaf oil.
 - Coconuts, husked, unhusked and other kinds, copra or coconut kernel, coir fibre, coir yarn, coir mats and matting.
 - Fish, dry, unsalted.
 - Oil seeds (other than essential).
 - Vegetable oils (other than essential).
 - Plumbago.
- (b) Preference at a rate of $7\frac{1}{2}$ per cent. *ad valorem*—
- Cardamoms, unground.
- (c) Preference at specific rate—
- | | | | | | | |
|-----|----|----|----|----|----|--------------------------------|
| Tea | .. | .. | .. | .. | .. | at the rate of 2 annas per lb. |
|-----|----|----|----|----|----|--------------------------------|

Letter No. 1

LETTER FROM THE INDIAN SIGNATORY ON THE
SUBJECT OF ZINC.

London,

March 20, 1939.

SIR,

With reference to Article 15 of the Trade Agreement signed this day, I have the honour to inform you that the Government of India, having taken note of the statements of His Majesty's Government in the United Kingdom in the course of the recent discussions (1) that it is essential to the national security that the production of the zinc smelting industry in the United Kingdom should be maintained at a satisfactory level; and (2) that His Majesty's Government in the United Kingdom will consult the Government of India before taking any decision to impose a customs duty on imports of zinc from India into the United Kingdom; agree that it will be open to His Majesty's Government in the United Kingdom, after consultation with the Government of India, and notwithstanding the provisions of Article 1 of the Trade Agreement, to impose a customs duty on imports of zinc produced or manufactured in India.

It is understood that no customs duty will be imposed on zinc from India which is not equally applicable to zinc from other oversea Empire sources.

I have, etc.,

FIROZ KHAN NOON.

THE RIGHT HON. OLIVER STANLEY, M.C., M.P.,

President of the Board of Trade.

*Letter No. 2*LETTER FROM THE INDIAN SIGNATORY ON THE
SUBJECT OF PIG IRON.

London,

March 20, 1939.

SIR,

With reference to Article 15 of the Trade Agreement signed this day, I have the honour to inform you that the Government of India, having taken note of the statements of His Majesty's Government in the United Kingdom in the course of the recent discussions (1) that, bearing in mind the provisions of Article 6 of the Agreement supplementary to the Ottawa Trade Agreement concluded between the two Governments on the 9th January, 1935, His Majesty's Government in the United Kingdom desire to reserve the right to impose a customs duty on imports of pig iron from India if after the expiry on the 31st March, 1941, of the Iron and Steel Protection Act, 1934, duties are applied to articles of iron and steel imported into India substantially less favourable to the United Kingdom than those for which that Act provides; and (2) that His Majesty's Government in the United Kingdom will consult the Government of India before taking any decision to impose such a customs duty; agree that it will be open to His Majesty's Government in the United Kingdom, after consultation with the Government of India, and notwithstanding the provisions of Article 1 of the Trade Agreement, to impose after the 31st March, 1941, a customs duty on imports of pig iron produced or manufactured in India if duties are applied to articles of iron and steel imported into India substantially less favourable to the United Kingdom than those for which the above mentioned Act provides, without prejudice, however, to the provisions of Section 4(1) of the Indian Tariff Act, 1934.

It is understood that no customs duty will be imposed on pig iron from India which is not equally applicable to pig iron from other oversea Empire sources.

I have, etc.,

FIROZ KHAN NOON.

THE RIGHT HON. OLIVER STANLEY, M.C., M.P.,

President of the Board of Trade.

*Letter No. 3***LETTER FROM THE INDIAN SIGNATORY ON THE
QUESTION OF THE EXTENSION TO OTHER COLONIAL
DEPENDENCIES OF PREFERENCES PRIMARILY OF
INTEREST TO CEYLON.**

London,

March 20, 1939.

SIR,

With reference to Article 13 of the Trade Agreement signed this day, I have the honour to inform you that the Government of India have taken note of the statement of His Majesty's Government in the United Kingdom in the course of the recent discussions that, in agreeing that the preferences included in Schedule VI to the Agreement are principally of interest to Ceylon, they are nevertheless anxious that the claims of other Colonial dependencies to receive any of these preferences should be sympathetically considered by the Government of India if the proposed negotiations between that Government and the Government of Ceylon do not result in the extension of such preferences to those dependencies for the duration of the Agreement concluded this day. I am authorised to state that the Government of India will give sympathetic consideration to any requests which His Majesty's Government in the United Kingdom may make in regard to such preferences on behalf of Colonial dependencies other than Ceylon.

I have, etc.,

FIROZ KHAN NOON.**THE RIGHT HON. OLIVER STANLEY, M.C., M.P.,***President of the Board of Trade.*