

GENERAL AGREEMENT  
ON TARIFFS AND  
TRADE

ACCORD GENERAL SUR  
LES TARIFS DOUANIERS  
ET LE COMMERCE

UNRESTRICTED  
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GENERAL AGREEMENT ON TARIFFS AND TRADE

PROTOCOL MODIFYING ARTICLE XXVI

Signed at Annecy on 13 August, 1949

and

DECISIONS, DECLARATIONS AND RESOLUTIONS

of the

CONTRACTING PARTIES

at the Third Session

Annecy, April - August 1949

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<sup>1</sup> The other protocols signed at Annecy are circulated separately, viz:

- 1) The Third Protocol of Rectifications
- 2) The First Protocol of Modifications
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PROTOCOL MODIFYING ARTICLE XXVI  
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments of the Commonwealth of Australia, the Kingdom of Belgium, the United States of Brazil, Burma, Canada, Ceylon, the Republic of Chile, the Republic of China, the Republic of Cuba, the Czechoslovak Republic, the French Republic, India, Lebanon, the Grand-Duchy of Luxemburg, the Kingdom of the Netherlands, New Zealand, the Kingdom of Norway, Pakistan, Southern Rhodesia, Syria, the Union of South Africa, the United Kingdom of Great Britain and Northern Ireland, and the United States of America, acting in their capacity of contracting parties to the General Agreement on Tariffs and Trade, (hereinafter referred to as the General Agreement),

Desiring to effect an amendment to Article XXVI of the General Agreement, pursuant to the provisions of Article XXX thereof,

HEREBY AGREE as follows:

1. The text of paragraph 4 of Article XXVI of the General Agreement shall be amended to read as follows:-

"4(a) Each government accepting this Agreement does so in respect of its metropolitan territory and of the other territories for which it has international responsibility, except such separate customs territories as it shall notify to the Secretary-General of the United Nations at the time of its own acceptance.

(b) Any government, which has so notified the Secretary-General under the exceptions in sub-paragraph (a) of this paragraph, may at any time give notice to the Secretary-General that its acceptance shall be effective in respect of any separate customs territory or territories so excepted and such notice shall take effect on the thirtieth day following the day on which it is received by the Secretary-General.

(c) If any of the customs territories, in respect of which a contracting party has accepted this Agreement possesses or acquires full autonomy in the conduct of its external commercial relations and of the other matters provided for in this Agreement, such territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the above-mentioned fact, be deemed to be a contracting party."

2. This Protocol shall, following its signature at the close of the Third Session of the CONTRACTING PARTIES, be deposited with the Secretary-General of the United Nations.
3. The deposit of this Protocol will, as from the date of deposit, constitute the deposit of the instrument of acceptance of the amendment set out in paragraph 1 of this Protocol by any contracting party the representative of which has signed this Protocol without any reservation.
4. The instruments of acceptance of those contracting parties which have not signed this Protocol, or which have signed it with a reservation as to acceptance, will be deposited with the Secretary-General of the United Nations.
5. The amendment set out in paragraph 1 of this Protocol shall, upon the deposit of instruments of acceptance pursuant to paragraphs 3 and 4 of this Protocol by two-thirds of the governments which are at that time contracting parties, become effective in accordance with the provisions of Article XXX of the General Agreement.
6. The Secretary-General of the United Nations will inform each member of the United Nations and each other government which participated in the United Nations Conference on Trade and Employment of each acceptance of the amendment set out in paragraph 1 of this Protocol and of the date upon which such amendment becomes effective in accordance with paragraph 5 of this Protocol.
7. The Secretary-General is authorized to register this Protocol in accordance with Article 102 of the Charter of the United Nations.

IN WITNESS WHEREOF the respective representatives, duly authorized, have signed the present Protocol.

DONE at Annecy, in a single copy, in the English and French languages, both texts authentic except where otherwise stated, this thirtieth day of August, 1949.

DECISIONS UNDER THE  
PROVISIONS OF ARTICLE XVIII

1. RECORD OF DECISIONS OF 10 AND 11 AUGUST 1949  
GRANTING RELEASES FOR THE MAINTENANCE OF MEASURES  
NOTIFIED UNDER PARAGRAPH 11 OF ARTICLE XVIII

The CONTRACTING PARTIES approved the recommendations contained in the Fourth Report of Working Party 2 on Article XVIII (GATT/CP.3/60/Rev.1), thus taking the following decisions.

The measure relating to the importation of tea of all grades notified by the Government of the United Kingdom in respect of Mauritius

The CONTRACTING PARTIES approved the maintenance of the measure until 1 January 1950 in order to enable the customs duty to be modified. (para.11 of the Report).

The measure relating to the importation of "filled soap (i.e. soap with a free fatty acid content of not less than 45 per cent and not more than 62 per cent), notified by the Government of the United Kingdom in respect of Northern Rhodesia

The CONTRACTING PARTIES decided that the measure might be maintained for a period of nine months from the date of the decision. (para.20).

The measure relating to the fixing of an annual import quota for the fibres of henequen and sisal (Cuban Customs Tariff Item ex 129-A "abaca, pita and other hard fibres, raw or combed") notified by the Government of Cuba

The CONTRACTING PARTIES granted a release under the provisions of Article XVIII for a period of five years on condition that the formal discrimination contained in paragraph 4 of Decree No. 1693 of 23 June 1939 be removed by the issue of a new decree as soon as possible. (para.30).

The measure relating to Indian Tariff Item ex 71 (8), grinding wheels of all types, qualities and sizes from 1/4" to 36" diameter with the exception of rubber bonded and diamond wheels, notified by the Government of India

The CONTRACTING PARTIES decided that:

- (a) the Government of India should be allowed to re-impose the existing measure on Item ex 71 (8), grinding wheels of all types, qualities and sizes from 1/4" to 36" diameter with the exception of rubber bonded and diamond wheels, at any time within three years from the date of the decision; and

- (b) the period for which the measure could be maintained would be decided by the CONTRACTING PARTIES, in accordance with paragraph 7 of Article XVIII, at the first session subsequent to the re-imposition of the measure, in the light of the facts relating to the industry, established by the Government of India at that time. (para. 39).

The measures notified by the Governments of Lebanon and Syria

With respect to the following items:

The CONTRACTING PARTIES decided:

55 & 59 Oranges, lemons and similar fruits; and apples, pears and quinces

that a release should be granted under paragraph 12 of Article XVIII for the maintenance of the measure for a period of five years. (para. 49)

Ex 68 Wheat

that a release should be granted under paragraph 12 of Article XVIII for the maintenance of the measure for a period of five years. (para. 52)

71 Barley

that a release should be granted for the maintenance of the measure for a period of two years only, on the understanding that it would be open to the Governments of Lebanon and Syria to make a further application before the end of that period, with the support of more complete information and in the light of any further progress in the development of the branch of agriculture at that time. (para. 54)

75(a) Wheat flour

that a release should be granted under paragraph 12 of Article XVIII for the maintenance of the measure for a period of five years. (para. 56)

122 Sugar

that a release should be granted under paragraph 12 of Article XVIII for the maintenance of the measure for a period of five years. (para. 59)

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1. A precise description of the products, together with the tariff item numbers and descriptions under which the products fall, is contained in Annex B to the Working Party report.



132	Chocolate and articles made of chocolate	that a release should be granted for a period of two years, on the understanding that it would be open to the Governments of Lebanon and Syria to make a further application with the support of more complete information and in the light of any further progress in the development of the industry at that time. (para.61)
137 to 144	Preserves of vegetables or fruits	that a release should be granted under paragraph 12 of Article XVIII for the maintenance of the measure for a period of five years, with the understanding that the two Governments would as soon as practicable replace the measure with tariff protection. (para.65)
192	Cement	that a release should be granted under paragraph 12 for the maintenance of the measure for a period of three years. (para.68)
518	Raw cotton	that a release should be granted under paragraph 12 for the maintenance of the measure for a period of five years. (para.71)
522 to 524	Cotton yarn or thread (except 522 b.4)	that a release should be granted under paragraph 12 of Article XVIII for the maintenance of the measure for a period of five years. (para.73)
527 to 540	Cotton fabrics	that a release should be granted under paragraph 12 for the maintenance of the measure for a period of five years (para.76)
663 to 681	Glass and glass ware	that a release should be granted under paragraph 12 of the Article for the maintenance of the measure for a period of five years. (para.83)

2. DECISION OF 10 AUGUST 1949 CONCERNING MEASURES  
(RELATING TO NATURAL AND ARTIFICIAL SILK AND  
HOSIERY) NOTIFIED BY THE GOVERNMENTS OF LEBANON  
AND SYRIA UNDER PARAGRAPH 11 OF ARTICLE XVIII

The CONTRACTING PARTIES

EXERCISING the power of waiver under paragraph 5 (a) of  
Article XXV of the General Agreement on Tariffs and Trade,

HAVING noted the statements of the representatives of Lebanon  
and Syria regarding the circumstances prevailing in those countries  
after the second session of the CONTRACTING PARTIES,

HAVING regard to the consequent difficulties in the preparation  
of statements by the Governments of Lebanon and Syria in support of  
measures which had been notified under paragraph 11 of Article XVIII,

DECIDE that the decision under paragraph 12 of Article XVIII in  
respect of the protective measures relating to the following items  
notified by the Governments of Lebanon and Syria shall be given at  
the fourth session of the CONTRACTING PARTIES, and the measures may  
be maintained pending that decision.

Customs tariff item

Fabrics of natural silk, pure or mixed	449-461
Fabrics of artificial silk, pure or mixed	470-492 (except 477 and 486 a)
Hosiery	580-583 (except 580 A, a & b, and 581 A)

3. RECORD OF DECISIONS OF 13 AUGUST 1949 GRANTING RELEASES  
APPLIED FOR BY THE GOVERNMENT OF CEYLON UNDER PARAGRAPHS  
5 AND 7 OF ARTICLE XVIII.

The CONTRACTING PARTIES approved<sup>1</sup> the recommendations contained in the Sixth Report of Working Party 2 on Article XVIII (GATT/CP.3/73/Rev.1 and Corr.1) concerning the application by the Government of Ceylon, thus taking the following decisions.

(A) Regarding application under paragraph 7 of Article XVIII

With respect to the following the CONTRACTING PARTIES decided:  
items:

Plywood

Plywood panels and other ornamental plywood. (Ex III H 336 -  
Manufactures of wood and timber n.e.s.)

to concur in the measure and to grant a release under paragraph 7 for a period of five years subject to the limitation in the application that the figure of 250,000 square feet shall be used as the maximum quantity of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act (Para.16).

1. In approving the recommendations, the CONTRACTING PARTIES particularly took note of paragraph 12 of the report, which reads as follows:

"It was further decided, in agreement with the representative of Ceylon, that the recommendation regarding releases on individual products should be subject to the following conditions:

- (a) The import of these products will be subject to regulation only in cases where there is local production of similar goods of a comparable quality.
- (b) The maximum quantity of domestic availability that would be used in the calculation of a standard ratio should in each case be stated as a condition of the release.
- (c) The release will operate in relation to imports by the application of the standard ratio in accordance with the provisions of the Industrial Products Act."

Leather goods

- (a) Boots, shoes and sandals.  
(III N 384(ii) - Boots and shoes other than canvas, rubber-soled).

that a release should be granted under paragraph 7 for a period of five years subject to the limitation in the application that the figures of 30,500 pairs of boots and shoes and 19,000 pairs of sandals shall be used as the maximum quantities of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act. (Para.20).

- (b) Volley balls. (Ex III U 536(ii) - Other Sports materials).

that a release should be granted under paragraph 7 for a period of five years, subject to the limitation in the application that the figure of 200,000 balls shall be used as the maximum quantity of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act. (Para.22).

Acetic acid and by-products from  
cocoanut shell distillation

- (a) Acetic acid. (III O 391(i)-Acetic acid).  
(b) Wood preservative as a by-product. (Ex III O 398 - Chemicals n.e.s.).

that a release should be granted under paragraph 7 for a period of five years, subject to the limitation in the application that the figures of 400 tons of acetic acid and 15,000 gallons of wood

preservative should be used as the maximum quantities of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act.

(Para.27).

### Drugs

- (a) Shark liver oil. (Ex III O 403 - Drugs, medicines and medicinal preparations n.e.s.).

that a release should be granted under paragraph 7 for a period of four years, subject to the limitation in the application that the figure of 3,000 imperial gallons should be used as the maximum quantity of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act. (Para.30).

- (b) Pyrodite (insecticide). (Ex III O 400 - Disinfectants, insecticides and weed killers).

that a release should be granted for a period of five years under paragraph 7, subject to the limitation in the application that the figure of 18,000 gallons should be used as the maximum quantity of the domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act. (Para.33).

### Iron and Steel Products

- (a) Rolled steel bars and rods (Ex III C 246(ii) - Bars,

that a release should be granted under paragraph 7 for the period of six years subject to the limitation in

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

- (b) Hoop and strip. (III C 259 - Hoop iron including wire and iron and steel specially prepared for strapping packages).
- (c) Wire nails. (III C 276(ii) - wire nails, n.e.s.).
- (d) Drawn wire. (III C 275(ii)(b) Wire, black or galvanised, n.e.s. not fabricated).
- (e) Bolts and nuts. (III C 247 - Bolts and nuts, black or galvanised).
- (f) Pig iron. (III C 262 - Pig iron).
- (g) Merchant sections. (Ex III C 260 - Manufactures of iron and steel n.e.s.).
- (h) Miscellaneous, viz. grills, gates, axes, and crowbars. (Ex III C 260 - Manufactures of iron and steel n.e.s.).

#### Cotton textiles

Sarees, sarongs, camboys, shirtings and suitings. (Ex III I 344 - Piece goods of cotton excluding lace and net, but including mosquito and curtain netting).

the application that the following figures should be used as the maximum quantities of domestic availability in calculating the standard ratio, with respect to each item, between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act.

Rolled steel bars	
and rods	1,200 tons
Hoop and strip	3,000 "
Wire nails	1,200 "
Drawn wire	1,000 "
Bolts and nuts	1,200 "
Pig iron	3,000 "
Merchant sections	8,600 "
Miscellaneous, viz.	500 "
grills, gates, axes	
and crowbars	

(Paragraphs 38 and 34).

that a release should be granted under paragraph 7 for a period of five years, subject to the limitation in the application that the following figures, as further limited by the statement of the Ceylon delegation in paragraph 41<sup>1</sup>, should be

Paragraph 41 reads as follows:

"The Ceylon delegation indicated that these estimates of domestic production, which were to be used as a limitation upon its application for release, should be considered as maxima and that the figure of production for the calculation of the standard ratio would in no case exceed the amount that could be produced from domestically grown raw cotton."

Lace (cotton)

Lace, trimmings, tray cloths, dinner mats, doyleys, crotchet and tattings. (Ex III I 343 - Lace and net (of cotton) excluding mosquito netting.

used as the maximum quantities of domestic availability in calculating the standard ratio, with respect to each item, between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act.

Sarees	2,600,000 sq.yards
Sarongs and camboys	3,200,000 sq.yards
Shirting	600,000 sq.yards
Suiting	400,000 sq.yards
Cotton Lace	1,200,000 yards

(Paragraphs 42 and 41).

Rubber goods

(a) Rubber soles and heels, erasers, brake blocks, car accessories, hose-pipes, tubing, water-bags, toys, playballs and balloons. (Ex III T 476 - manufactures of rubber, n.e.s.).

(b) Rickshaw tyres. (III T 479 (ii) - solid tyres other than for motor vehicles).

that a release should be granted under paragraph 7 for the application of the measure for a period of five years subject to the limitation in the application that the figure of 250 tons should be used as the maximum quantity of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act. (Para.45).

Paper

(a) Printing paper. (III R 451- printing paper, plain).

(b) Writing paper. (III R 454(i) - writing paper n.e.s., plain).

that a release should be granted under paragraph 7 for the period of six years, subject to the limitation in the application that the figure of 4,500 tons of writing and printing paper should be used as the maximum quantity of domestic availability

in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act. (Para.50).

Ink

Writing ink including ordinary grades of fountain pen ink (Ex III U 539 - stationery other than paper and manufactures of iron or steel n.e.s. including writing ink).

that a release should be granted for the application of the measure for a period of four years subject to the limitation in the application that the figure of 25,000 gallons should be used as the maximum quantity of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act. (Para.56).

B. Regarding application under Paragraph 5 of Article XVIII

Glassware

Blown glassware, particularly }  
tumblers, chimneys and bottles }  
(Ex III B 235 - Glass and }  
glassware n.e.s.). }

With respect to these items the CONTRACTING PARTIES decided to grant a release under paragraph 5, in accordance with the terms of any agreement reached between Ceylon and the materially affected contracting parties<sup>1</sup>, subject to any limitations that may have been agreed upon between them.

1.

The delegations of Czechoslovakia, India, the United Kingdom and the United States declared that they considered themselves materially affected by the measures with respect to one or more of the products in question. It was decided, for the purpose of the negotiations, to accept the statements of these countries that they were materially affected.



Chinaware and porcelain ware

Glazed china ware and porcelain ware, particularly cups, saucers and other domestic crockery, vases and ornamental ware. (Ex III B 231 - China ware and porcelain ware n.e.s.).

) Such release, however, is to be effective only after the expiration of a period of 30 days from the notification by the Chairman to each Contracting Party of the results of the renegotiations<sup>1</sup> and in the absence of any objection to those results. The results of the negotiations would also be circulated by the Chairman to the acceding governments for their information. (Paragraph 59(e)).

Leather goods

Miscellaneous leather manufactures, particularly suitcases, wallets and handbags. (III Q 430 - Manufactures of leather n.e.s.).

)

Cotton textiles

Towels, bedsheets and other household linen. (Ex III I 339 - cotton manufactures, n.e.s.).

)

Plywood

Plywood chests for packing tea and other Ceylon produce. (Ex III U 492 - Chests and boxes for packing Ceylon produce including shooks or fittings n.e.s.).

)

1.

It was agreed that these negotiations should as far as possible be carried out jointly among the contracting parties concerned. The CONTRACTING PARTIES established and communicated under the provisions of sub-paragraph 3(b) to them the time schedule that the negotiations should commence in London not later than 15 September and should be concluded not later than 31 October 1949

B. DECISION OF 13 AUGUST 1949 GRANTING RELEASE (IN RESPECT OF BRASSWARE) APPLIED FOR BY THE GOVERNMENT OF CEYLON UNDER PARAGRAPH 8 OF ARTICLE XVIII.

The CONTRACTING PARTIES

EXERCISING the power of waiver under sub-paragraph 5(a) of Article XXV of the General Agreement on Tariffs and Trade,

Having noted that:

- (1) the Government of Ceylon has applied for a release under the provisions of sub-paragraph 8(b) of Article XVIII with respect to brassware,
- (ii) the Government of India has stated that it is materially affected by the proposed measure and may, before 30 September 1949, lodge an objection under the provisions of sub-paragraph 8(b) of Article XVIII,
- (iii) the Governments of Ceylon and India agree that if such an objection is lodged the CONTRACTING PARTIES should nevertheless agree to the introduction of the measure pending a formal decision by the CONTRACTING PARTIES at their next ordinary session,

DECIDE that if an objection is so lodged by the Government of India, the Government of Ceylon may nevertheless introduce the proposed measure subject to the limitation in the application that the figure of 1,500 tons shall be used as the maximum quantity of domestic availability in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing import licences under the provisions of the Industrial Products Act, pending a decision by the Contracting Parties under the provisions of sub-paragraph 8(b)(ii) of Article XVIII at their next ordinary session.

OTHER DECISIONS

5. DECISION OF 22 APRIL 1949 CONCERNING THE FURTHER REQUEST OF THE GOVERNMENT OF BRAZIL FOR WITHDRAWAL OF CONCESSIONS IN SCHEDULE III.

REFERRING to the Decision of the CONTRACTING PARTIES of 7 September 1948, under paragraph 5(a) of Article XXV of the General Agreement, conditionally waiving the obligations of the Government of Brazil under Article II of the Agreement with respect to certain rates in Schedule III pending re-negotiations by the Government of Brazil with the Governments of the United Kingdom and the United States pursuant to paragraph 2 of the Decision;

TAKING NOTE of the inability of these three Governments to reach agreement by the date upon which, in the absence of agreement, the waiver ceased to have force and effect, and of their inability to reach agreement at any time up to the present date;

AND TAKING NOTE of the report made by the representative of Brazil on this matter to the present Session of the CONTRACTING PARTIES, and of the request made by him for a further waiver comparable to that in the Decision of 7 September 1948, pending further negotiations, which request has been supported by the representatives of the United Kingdom and of the United States;

THE CONTRACTING PARTIES hereby DECIDE under paragraph 5(a) of Article XXV of the General Agreement as follows:

(1) Subject to paragraphs (2) and (3) of this Decision, the provisions of Article II of the General Agreement on Tariffs and Trade shall be waived to the extent necessary to permit the application by the Government of Brazil to almanacs and calendars, powdered milk and pure penicillin of rates of ordinary customs duty not in excess of the following:

<u>Brazilian Tariff</u> <u>Item Number</u>	<u>Description of Products</u>	<u>Rate of Duty</u> <u>(Cruzeiros)</u>
98/3	Milk in powder, tablets or other state, with or without sugar....L.K.	2.60
545/3 Ex	Almanacs and calendars: loose, brochured, boarded or bound in paper-covered binding with cloth or leather backs.....L.K.	0.84
1530 Ex	Penicillin, pure.....	25% ad valorem

(2) Negotiations shall be renewed immediately, at Annecy, between the Governments of Brazil, the United Kingdom and the United States with a view to reaching definitive agreement as to the compensation to be given by Brazil for the partial withdrawal of concessions on the products listed above. Such compensation may take the form of the binding or reduction of existing duties on any product or products imported into Brazil, whether or not such products are now described in Schedule III of the General Agreement on Tariffs and Trade.

(3) During the negotiations provided for in paragraph (2) the Government of Brazil shall abstain from increasing the rate of duty presently applicable to any products described in Schedule III except as provided for in paragraph (1) above.

(4) The waiver mentioned in paragraph (1) of this Decision shall cease to have force and effect on June 15, 1949, if by then negotiations have not been completed. A final report on the negotiations provided for in paragraph (2) shall be communicated to the CONTRACTING PARTIES not later than 1 June 1949. Upon approval of the agreement by the CONTRACTING PARTIES the provisions thereof shall become an integral part of the General Agreement on Tariffs and Trade.

6. RECORD OF DECISION OF 29 JUNE 1949 CONCERNING THE  
MODIFICATION OF SCHEDULE IX (CUBA)

On 29 June, the CONTRACTING PARTIES approved the results of certain negotiations which had been conducted by the delegation of Cuba with the delegations of Canada and the United States, concerning items 260-B, C and D in the Cuban Schedule to the General Agreement and decided that the Cuban Government would be free as from 1 July 1949 to act in accordance therewith; further it was decided that the results of the negotiations should be incorporated in a protocol of modifications. (GATT/CP.3/SR.29).

7. DECISION OF 9 AUGUST 1949 CONCERNING CERTAIN LEGAL  
ISSUES ARISING OUT OF A DISCUSSION ON MARGINS OF PREFERENCE  
NEGOTIATED AT ANNECY.

The CONTRACTING PARTIES DECIDE:

(1) The determination of rights and obligations between governments arising under a bilateral agreement is not a matter within the competence of the CONTRACTING PARTIES;<sup>1</sup>

(2) The reduction of the rate of duty on a product, provided for in a schedule to the General Agreement, below the rate set forth therein, does not require unanimous consent of the CONTRACTING PARTIES in accordance with the provisions of Article XXX;

(3) A margin of preference, on an item included in either or both parts of a schedule, is not bound against decrease by the provisions of the General Agreement.

This Decision does not preclude the possibility of resort to Article XXIII.

---

1.

This Decision by its terms clearly refers only to the determination of the rights and obligations as between the parties to the bilateral agreement and arising from that agreement. It is, however, within the competence of the CONTRACTING PARTIES to determine whether action under such a bilateral agreement would or would not conflict with the provisions of the General Agreement.

8. DECISION OF 13 AUGUST 1949 CONCERNING  
IMPORT RESTRICTIONS ON ITEMS TO BE  
INCLUDED IN THE SCHEDULE XXVII (ITALY)

The CONTRACTING PARTIES,

ACTING pursuant to paragraph (5) (a) of Article XXV of the  
General Agreement on Tariffs and Trade,

DECIDE that, notwithstanding anything contained in paragraph  
13 of Article XVIII, the Italian Government may continue to apply  
to the products listed under the items of the Italian Tariff set  
out below, and notwithstanding that the duties may later be  
consolidated in the schedule of tariff concessions negotiated by the  
Italian Government at Annecy, the measures which it has notified  
to the CONTRACTING PARTIES under the terms of paragraph 11 of  
Article XVIII, pending a decision by the CONTRACTING PARTIES under  
paragraph 12 of Article XVIII.

The items referred to in this decision are the following items  
of the Italian tariff:

139 a) and c) . . . . .	raw linseed oil and soya oil
ex 362 c 2 Beta II . . . . .	nitrohaphthalene
413 b . . . . .	synthetic lacquers
1198, 1200, ex 1201; ) . . . . .	radio electric apparatus,
1202; 1203 a) and c); )	tubes, valves and lamps other
1204 a), c), d) and 1207 )	than those used for lighting
	purposes, and accessories
	and spare parts for such
	sets, tubes, etc.

9. DECISION OF 13 AUGUST 1949 CONCERNING  
THE EFFECT OF THE FAILURE OF A CONTRACTING  
PARTY TO SIGN THE ANNECY PROTOCOL OF  
ACCESSION

The CONTRACTING PARTIES

DECIDE that the failure of any contracting party to sign the  
Annecy Protocol of Accession in respect of a particular acceding  
government by November 30, 1949, shall be deemed to be a negative  
vote on the decision contemplated by paragraph 11 of the Protocol  
and shall be so recorded.



DECLARATIONS

1. DECLARATION OF 9 MAY 1949 CONCERNING THE POSITION OF PALESTINE  
IN RELATION TO THE GENERAL AGREEMENT

WHEREAS the Government of the United Kingdom in the course of the negotiations leading to the drawing up of the General Agreement on Tariffs and Trade in Geneva in 1947, negotiated on behalf of the mandated territory of Palestine for concessions to be accorded to products originating in such territory and for concessions to be accorded to the products of other contracting parties entering such territory, and

WHEREAS the Government of the United Kingdom ceased to be responsible for the mandated territory of Palestine on 15 May, 1948,

the CONTRACTING PARTIES declare that since the United Kingdom ceased, as from 15 May, 1948, to be a contracting party in respect of the territory formerly included in the Palestine mandate,

(a) Section E shall be deemed to be no longer a part of Schedule XIX; and

(b) any contracting party shall, in accordance with Article XXVII of the General Agreement, be free to withhold or to withdraw, in whole or in part, any concession provided for in the appropriate schedule annexed to the GATT which such contracting party determines was initially negotiated with the United Kingdom on behalf of Palestine, provided that the contracting party taking such action shall give notice to all other contracting parties and, upon request, consult with the contracting parties which have a substantial interest in the product concerned.

2. DECLARATION OF 9 MAY 1949 ACCEPTING  
THE RESERVATION TO ARTICLE XXXV ATTACHED  
TO THE SIGNATURE OF THE UNION OF SOUTH  
AFRICA TO THE PROTOCOL MODIFYING CERTAIN  
PROVISIONS

REFERRING to the discussion during the Second Session of the CONTRACTING PARTIES of the views of the Government of the Union of South Africa regarding the Protocol Modifying Certain Provisions of the General Agreement, dated March 24, 1948, and particularly to the following statement by the Chairman on September 1, 1948:

"This proposal is that in view of the discussion which has been held we do not take any decision one way or another on the legal issue, but that we invite the Government of the Union of South Africa to sign the Protocol modifying certain provisions of the General Agreement on Tariffs and Trade, but with a reservation that they do not accept Article XXV. We can agree now that, if the Government of South Africa signs the Protocol between now and our next session, we shall give sympathetic consideration to approval of the South African reservation at our next session without altering the legal situation as it now exists. This could then have the effect that the other Contracting Parties would continue to regard themselves as bound by and having the right to apply the provisions of Article XXXV, which do not require any of them to apply the General Agreement, or alternatively Article II of that Agreement, to another contracting party if there have not been tariff negotiations between the two parties and if either of the parties had made a declaration to that effect, while South Africa would continue to regard themselves as not being bound and would presumably apply the General Agreement to all contracting parties, irrespective of whether or not tariff negotiations have taken place between the parties".

TAKING NOTE of the signature of this Protocol on behalf of the Union of South Africa on February 16, 1949, with the reservation "that the Government of the Union of South Africa do not accept Section IV of the Protocol inserting a new Article XXXV in the General Agreement".

THE CONTRACTING PARTIES

UNANIMOUSLY DECLARE that no objection is raised by any contracting party to this reservation, it being understood that the relevant relationships among the contracting parties will be as set forth in the above statement by the Chairman; and

INSTRUCT the Executive Secretary of the Interim Commission for the International Trade Organization to notify the Secretary General of the United Nations on their behalf that the reservation of South Africa has been examined at a meeting on 9th May, 1949, at which all the contracting parties were represented, and that no contracting party raised any objection to the said reservation.

3. DECLARATION OF 9 MAY 1949 CONCERNING THE  
SIGNATURE BY SOUTHERN RHODESIA OF THE  
PROTOCOL MODIFYING CERTAIN PROVISIONS AND  
THE SPECIAL PROTOCOL MODIFYING ARTICLE XIV

RECOGNIZING that it would be desirable, in the interest of uniformity, that the Government of Southern Rhodesia should sign the Protocol modifying Certain Provisions and the Special Protocol modifying Article XIV of the General Agreement on Tariffs and Trade, which were signed at Havana on 24 March, 1948: and

TAKING NOTE of the willingness of the Government of Southern Rhodesia to sign these Protocols provided it is allowed to elect to be governed by the provisions of Annex J to the General Agreement;

The CONTRACTING PARTIES

REQUEST the Secretary General of the United Nations to accept the signature of the Government of Southern Rhodesia to these Protocols, notwithstanding the provisions of Section V of the Protocol modifying Certain Provisions and of Section IV of the Special Protocol modifying Article XIV; and

DECLARE that as a consequence of its signing the Special Protocol modifying Article XIV, the Government of Southern Rhodesia will be deemed to have exercised its right, under paragraph 1 (d) of Article XIV of the General Agreement as amended by the Special Protocol, to elect to be governed by the provisions of Annex J to the General Agreement in lieu of the provisions of paragraphs 1 (b) and 1 (c) of Article XIV as amended.

4. DECLARATION OF 9 MAY 1949 CONCERNING THE  
ACCEPTANCE OF THE PROTOCOL MODIFYING PART I  
AND ARTICLE XXIX BY SOUTHERN RHODESIA

TAKING NOTE that, on 19th November 1948, the Government of Southern Rhodesia notified the Secretary General of the United Nations of its acceptance of the Protocol signed at Geneva on 14th September, 1948, Modifying Part I and Article XXIX of the General Agreement on Tariffs and Trade, but that this notification was accompanied by the following statement:

"The Government of Southern Rhodesia desires to draw attention to the fact that it did not accept the Special Protocol amending Article XXIV of the General Agreement on Tariffs and Trade signed at Havana on the 24th day of March, 1948. Accordingly, while it is prepared in terms of Section I of the new Article XXIX to observe the general principles of Chapters I to VI inclusive and of Chapter IX of the Havana Charter, the Government of Southern Rhodesia desires to record that it finds the present form of the interpretative Note in Annexure P to paragraph 5 of Article 44 of the Havana Charter to be unacceptable, and, therefore, reserves its position with regard to Article XXIV of the General Agreement on Tariffs and Trade."; and

TAKING NOTE of the explanation by the representative of Southern Rhodesia, that the statement accompanying the instrument of acceptance by his Government of the Protocol modifying Part I and Article XXIX was not intended as a reservation to its acceptance of the Protocol and that his Government regards its acceptance as unconditionally binding,

THE CONTRACTING PARTIES

UNANIMOUSLY DECLARE that the acceptance of Southern Rhodesia is valid and effective and instruct the Executive Secretary of the Interim Commission for the International Trade Organization to forward a copy of this Declaration to the Secretary General of the United Nations with reference to the communication of 8 February 1949 addressed by him to the contracting parties individually.

5. DECLARATION OF 18 MAY 1949 CONCERNING THE  
CUSTOMS UNION AGREEMENT BETWEEN THE  
GOVERNMENTS OF THE UNION OF SOUTH AFRICA  
AND SOUTHERN RHODESIA

TAKING NOTE of the Interim Agreement concluded by the Governments of the Union of South Africa and Southern Rhodesia directed to the re-establishment of a customs union, dated 6 December 1948 and made effective on 1 April 1949; and

TAKING NOTE of the undertaking of the two Governments, (a) to furnish to the CONTRACTING PARTIES not later than 1 July in each year copies of each annual report of the Southern Africa Customs Union Council, established in terms of Article 2 of the said Agreement, (b) to submit to the CONTRACTING PARTIES not later than 1 July 1952 a report on the progress achieved towards the elimination of tariffs and other restrictive regulations of commerce between their territories and towards the application of the same tariffs and other regulations of commerce to the trade of the territories of other Contracting Parties, (c) to submit to the CONTRACTING PARTIES not later than 1 July 1954 a definite plan and schedule for the completion of the said union, and (d) to complete the re-establishment of the said union as soon as possible and in any case not later than 1 April 1959;

THE CONTRACTING PARTIES

DECLARE that the Governments of the Union of South Africa and Southern Rhodesia are entitled to claim the benefits of the provisions of Article XXIV of the General Agreement on Tariffs and Trade relating to the formation of customs unions;

REQUEST the Governments of the Union of South Africa and Southern Rhodesia to instruct the Customs Union Council to include in each annual report a definite plan and schedule of the steps to be taken during the ensuing twelve months towards the re-establishment of the said union, and

DECIDE to review the above Declaration if, after study of reports and plans submitted by the two Governments, they find at any time that the Interim Agreement is not likely to result by 1 April 1959 in the establishment of a customs union in the sense of Article XXIV.

6. DECLARATION OF 11 AUGUST 1949 CONCERNING  
THE POSITION OF NEWFOUNDLAND IN RELATION  
TO THE GENERAL AGREEMENT

WHEREAS the Government of the United Kingdom, in the course of the negotiations leading to the drawing up of the General Agreement on Tariffs and Trade in Geneva in 1947, negotiated on behalf of Newfoundland, as a separate customs territory for which the United Kingdom had international responsibility, and

WHEREAS the concessions to be accorded as a result of such negotiations to the products of other contracting parties entering Newfoundland constituted Section B of Schedule XIX of the General Agreement, and

WHEREAS after becoming a contracting party to the General Agreement the government of the United Kingdom, under paragraph 2 of the Protocol of Provisional Application, notified the Secretary General of United Nations on February 17, 1949 of the application of the General Agreement to Newfoundland, and

WHEREAS the Government of the United Kingdom ceased to be responsible for Newfoundland on 31 March 1949 and Newfoundland became a part of the customs territory of Canada, which is also a contracting party.

The CONTRACTING PARTIES declare that Section B shall be deemed to be no longer a part of Schedule XIX.

RESOLUTIONS

1. RESOLUTION CONCERNING SPECIAL EXCHANGE AGREEMENTS BETWEEN THE CONTRACTING PARTIES AND CONTRACTING PARTIES WHICH ARE NOT MEMBERS OF THE INTERNATIONAL MONETARY FUND

The CONTRACTING PARTIES,

CONSIDERING that paragraph 6 of Article XV of the General agreement on Tariffs and Trade provides that any contracting party, which is not a member of the International Monetary Fund, shall, within a time to be determined by the CONTRACTING PARTIES, after consultation with the Fund, become a member of the Fund, or, failing that, enter into a special exchange agreement with the CONTRACTING PARTIES,

CONSIDERING that paragraph 6 of Article XV of the General Agreement provides further that any contracting party which ceases to be a member of the Fund shall forthwith enter into a special exchange agreement with the CONTRACTING PARTIES,

CONSIDERING further that, in accordance with paragraph 7 of the said Article, such special exchange agreement shall provide to the satisfaction of the CONTRACTING PARTIES that the objectives of the General Agreement will not be frustrated as a result of action in exchange matters by the contracting party in question, and taking into account that the terms of such agreement shall not impose obligations on that contracting party in exchange matters generally more restrictive than those imposed by the Articles of Agreement of the International Monetary Fund on members of the Fund,

H~~A~~REBY ADOPT the text annexed to the Resolution as the text<sup>1/</sup> of the special exchange agreement for the purpose of the above mentioned provisions of the General Agreement;

RESOLVE that each existing contracting party not then a member of the Fund shall enter into a special exchange agreement in the terms of the text annexed to this Resolution by depositing an instrument

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<sup>1/</sup> The text of the special exchange agreement is to be found in document GATT/CP.3/44

of acceptance on or before the first day after November 1, 1949 on which the CONTRACTING PARTIES are in session;

RESOLVE that each government which shall hereafter become a contracting party shall enter into a special exchange agreement in the terms of the text annexed to this Resolution by depositing an instrument of acceptance within four months after it becomes a contracting party or on or before the first day after November 1, 1949 on which the CONTRACTING PARTIES are in session (whichever is the later), if it is not then a member of the Fund;

RESOLVE that any contracting party which ceases to be a member of the Fund shall enter into a special exchange agreement in the terms of the text annexed to this Resolution by depositing an instrument of acceptance forthwith (which shall in no event be later than thirty days after it ceases to be a member of the Fund); and

AUTHORIZE the Chairman of the CONTRACTING PARTIES to sign on their behalf each of the agreements referred to above and to take all necessary action to give effect to this Resolution.



2. RESOLUTION CONCERNING A SPECIAL EXCHANGE  
AGREEMENT BETWEEN THE CONTRACTING PARTIES  
AND THE GOVERNMENT OF NEW ZEALAND

The CONTRACTING PARTIES

CONSIDERING that the representatives of New Zealand have indicated that certain special difficulties are raised for their Government by the text of the special exchange agreement adopted by the CONTRACTING PARTIES,

RESOLVE that, notwithstanding the provisions of the resolution adopted by them on 20 June 1949 the Government of New Zealand shall not be required to enter into a special exchange agreement until it has had an opportunity at the first meeting of the CONTRACTING PARTIES in session after November 1, 1949, to make proposals designed to meet the difficulties referred to above, and until a date by which the Government of New Zealand shall enter into a special exchange agreement (if it is not then a member of the Fund) is fixed by the CONTRACTING PARTIES.

3. RESOLUTION CONCERNING A SPECIAL EXCHANGE  
AGREEMENT BETWEEN THE CONTRACTING PARTIES  
AND A GOVERNMENT WHICH USES SOLELY THE  
CURRENCY OF ANOTHER CONTRACTING PARTY

THE CONTRACTING PARTIES

RESOLVE that, notwithstanding the provisions of Resolution No.1 adopted by them this day, no contracting party shall be required to enter into a special exchange agreement so long as it uses solely the currency of another contracting party and so long as neither the contracting party in question nor the country whose currency is being used maintains exchange restrictions; provided, however, that any contracting party which defers entering into a special exchange agreement beyond the final date otherwise applicable under the Resolution referred to above shall thereby be deemed to have consented to consult with the CONTRACTING PARTIES at any time on their request on any exchange problem.