

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.8/10/Rev.2/Add.1
21 October 1953

Special Distribution

Working Party 2 on Article I

DIFFICULTIES ARISING OUT OF THE APPLICATION OF ARTICLE I

Proposal by the United Kingdom Delegation (Second Revision) Addendum

It is indicated in W.8/10/Rev.2 that paragraph (h) of the draft procedures remained subject to review in the light of further discussion in the Working Party. The draft of this paragraph was discussed again at the meeting on 20 October and the following text was agreed:

(h) If the CONTRACTING PARTIES or the appropriate intersessional body determine that there is likelihood of substantial diversion, the waiver shall not apply. In this event, the maximum margin of preference permissible under paragraph 4(b) of Article I would be regarded as if it were instead an obligation specifically provided for in the United Kingdom's schedule; and apart from requesting a specific waiver, the only recourse open to the United Kingdom in respect of that obligation, if the situation was causing or threatening serious injury to its interests, would be as follows:

- (1) The United Kingdom could have recourse to the procedures of paragraph 1 of Article XXVIII to the same extent as they were available in respect of concessions recorded in the Schedules to the Agreement.
- (2) If the product was being imported into the United Kingdom in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers, the United Kingdom would be free to suspend the obligations so as to be able to increase the most-favoured-nation rate of duty on that product to the extent necessary to prevent or remedy such injury, without being required to impose a duty on that product when imported from the preferential area. In such a case the procedures of paragraph 2 and 3 of Article XIX would be applied.