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SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT

TARIFF AGREEMENT COMMITTEE

SECRETARIAT

Redraft of the Final Act, General Agreement on Tariffs
and Trade and Protocols in the light of the discussions
which have taken place in the Committee.

Square brackets have been used in those cases in which specific action by the Tariff Agreement Committee is indicated. The entire text is submitted for a third reading by the Committee.

FINAL ACT

In accordance with the Resolution adopted at the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, appointed by the Economic and Social Council of the United Nations on February 18, 1946, the Governments of the Commonwealth of Australia, Belgium, Kingdom of the Netherlands, Luxemburg, United States of Brazil, [Burma], Canada, [Ceylon], Republic of Chile, Republic of China, Republic of Cuba, Czechoslovak Republic, French Republic, India, Lebanon, New Zealand, Kingdom of Norway, Pakistan, [Southern Rhodesia], Syria, Union of South Africa, United Kingdom of Great Britain and Northern Ireland, and the United States of America, initiated negotiations at Geneva on April 10, 1947 directed to the substantial reduction of tariffs and other trade barriers and to the elimination of preferences, on a reciprocal and mutually advantageous basis. These negotiations have terminated today and have resulted in the framing of a General Agreement on Tariffs and Trade with accompanying Protocols, the texts of which are annexed hereto.

It is understood that the signature of this Final Act or the signature or application by any of the above-mentioned governments of the General Agreement or its accompanying Protocols does not in any way prejudice their freedom to uphold at the United Nations Conference on Trade and Employment the reservations which they may have made to the provisions of the draft Charter for an International Trade Organization recommended by the Preparatory Committee.

This Final Act, together with the General Agreement on Tariffs and Trade and its accompanying Protocols, will be released by the Secretary-General of the United Nations for publication on November eighteenth, one thousand nineteen hundred and forty-seven, provided that the Protocol of Provisional Application shall have been signed by all the countries named

therein by that date.

IN WITNESS WHEREOF the respective Representatives have signed the present Act and have thereby authenticated the text of the General Agreement on Tariffs and Trade with accompanying Protocols annexed hereto.

DONE, etc.

For the Commonwealth of Australia
For Belgium.....
For the Kingdom of the Netherlands.....
For Luxemburg.....
For the United States of Brazil.....
/For Burma_/.....
For Canada.....
/For Ceylon_/.....
For the Republic of Chile.....
For the Republic of China.....
For the Republic of Cuba.....
For the Czechoslovak Republic.....
For the French Republic.....
For India.....
For Lebanon.....
For New Zealand.....
For the Kingdom of Norway.....
For Pakistan.....
/For Southern Rhodesia_/.....
For Syria.....
For the Union of South Africa.....
For the United Kingdom of
Great Britain and Northern Ireland.....
For the United States of America.....

REVISED DRAFT OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments of the Commonwealth of Australia, Belgium, Kingdom of the Netherlands, Luxemburg, 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, 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;

Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods;

Being desirous of contributing to these objectives by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce;

Have through their respective Representatives agreed as follows:

Part I

Article I

General Most-Favoured-Nation Treatment

1. With respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in

connection with importation and exportation, and with respect to all matters referred to in paragraphs 1 and 2 of Article III, any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country, shall be accorded immediately and unconditionally to the like product originating in or destined for the territory of all other contracting parties respectively.

2. The provisions of paragraph 1 of this Article shall not require the elimination of any preferences in respect of import duties or charges which do not exceed the levels provided for in paragraph 3 of this Article and which fall within the following descriptions:

- (a) preferences in force exclusively between two or more of the territories listed in Annex A of this Agreement, subject to the conditions set forth therein;
- (b) preferences in force exclusively between two or more territories which on 1 July 1939 were connected by common sovereignty or relations of protection or suzerainty and which are listed in Annexes B, C and D of this Agreement, subject to the conditions set forth therein;
- (c) preferences in force exclusively between the United States of America and the Republic of Cuba;
- (d) preferences in force exclusively between neighbouring countries listed in Annexes E and F of this Agreement.

3. The margin of preference on any product in respect of which a preference is permitted under paragraph 2 of this Article and is not specifically scheduled as a maximum margin of preference shall not exceed -

- (a) in respect of any product described in a schedule to this Agreement, the difference between the most-favoured-nation and preferential rates provided for in such Schedule; provided that where no preferential rate is provided for, the preferential rate shall for the purposes of this paragraph be taken to be that in force on 10th April 1947, and that where no most-favoured-nation rate is provided for, the margin shall not exceed the difference between the most-favoured-nation and preferential rates existing on 10th April 1947;
- (b) in respect of any product not described in the Schedules, the difference between the most-favoured-nation and preferential rates existing on 10th April 1947.

In the case of the contracting parties named in Annex G, the date of 10th April 1947 referred to in (a) and (b) above shall be replaced by the respective dates indicated in the said Annex.

Article II

Schedules of Concessions

1. Each contracting party shall accord to the commerce of the other contracting parties treatment no less favourable than that provided for in the appropriate Schedule annexed to this Agreement and hereby made an integral part of Part 1 thereof.

2. No contracting party shall alter its method of determining dutiable value or of converting currencies so as to impair the value of any of the concessions provided for in the appropriate Schedule annexed to this Agreement.*

3. If any contracting party establishes, maintains or authorizes, formally or in effect, a monopoly of the importation of any product described in the appropriate Schedule annexed to this Agreement such monopoly shall not, except as provided in the Schedule or as otherwise agreed between the parties to the negotiation of the concession, operate so as to afford protection on the average in excess of the amount of protection provided for in such Schedule. This paragraph shall not limit the use by contracting parties of any form of assistance to domestic producers permitted by other provisions of this Agreement.

4. If any contracting party considers that a product is not receiving from another contracting party the treatment which the first contracting party believes to have been contemplated by a concession provided for under paragraph 1 of this Article, it shall bring the matter directly to the attention of the other contracting party. If the other contracting party agrees that the treatment contemplated was that claimed by the first contracting party, but declares that such treatment cannot be

*This paragraph will be considered with the question of the form of Schedules to be attached to the Agreement.

accorded because a court or other proper authority has ruled that the product involved is not legally classifiable under the tariff laws of such contracting party so as to permit the treatment admittedly contemplated at the time of the signature of this agreement, the two contracting parties, together with any other contracting parties concerned, shall enter promptly into further negotiations with a view to a compensatory adjustment of the matter.

Part II

Article III

National Treatment on Internal Taxation and Regulation

1. The products of any contracting party imported into the territory of any other contracting party shall be exempt from internal taxes and other internal charges of any kind in excess of those applied directly or indirectly to like products of national origin. Moreover, in cases in which there is no substantial domestic production of like products of national origin, no contracting party shall apply new or increased internal taxes on the products of other contracting parties for the purpose of affording protection to the production of directly competitive or substitutable products which are not similarly taxed; existing internal taxes of this kind shall be subject to negotiation for their reduction or elimination.

2. The products of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution, or use. This paragraph shall not prevent the application of differential transportation charges which are based exclusively on the economic operation of the means of transport and not on the nationality of the product.

3. In applying the principles of paragraph 2 of this Article to internal quantitative regulations relating to the mixture, processing or use of products in specified amounts or proportions, the contracting parties shall observe the following provisions:

- (a) no regulations shall be made which, formally or in effect, require that any specified amount or proportion of the product in respect of which such regulations are applied must be supplied from domestic sources;
- (b) no contracting party shall, formally or in effect, restrict the mixing, processing or use of a product of which there is no substantial domestic production with a view to affording protection to the domestic production of a directly competitive or substitutable product.

4. The provisions of paragraph 3 of this Article shall not apply to:

(a) any measure of internal quantitative control in force in the territory of any contracting party on 1 July 1939 or 10 April 1947 at the option of that contracting party, Provided that any such measure which would be in conflict with the provisions of paragraph 3 of this Article shall not be modified to the detriment of imports and shall be subject to negotiations for its limitation, liberalization or elimination.

(b) any internal quantitative regulation relating to cinematograph films and meeting the requirements of Article IV.

5. The provisions of this Article shall not apply to the procurement by governmental agencies of products purchased for governmental purposes and not for resale or use in the production of goods for sale, nor shall they prevent the payment to domestic producers only of subsidies provided for under Article XVI, including payments to domestic producers derived from the proceeds of internal taxes or charges and subsidies effected through governmental purchases of domestic products.

Article IV

Special Provisions Relating to Cinematograph Films

1. If any contracting party establishes or maintains internal quantitative regulations relating to exposed cinematograph

films, such regulations shall take the form of screen quotas which shall conform to the following conditions and requirements:

(a) Screen quotas may require the exhibition of cinematograph films of national origin during a specified minimum proportion of the total screen time actually utilized over a specified period of not less than one year in the commercial exhibition of all films of whatever origin, and shall be computed on the basis of screen time per theatre per year or the equivalent thereof.

(b) With the exception of screen time reserved for films of national origin under a screen quota, no screen time, including screen time released by administrative action from minimum time reserved for films of national origin, shall formally or in effect be allocated among sources of supply.

(c) Notwithstanding the provisions of sub-paragraph (b) above, any contracting party may maintain screen quotas conforming to the conditions of sub-paragraph (a) which reserve a minimum proportion of screen time for films of a national origin other than that of the contracting party imposing such screen quotas; Provided that no such minimum proportion of screen time shall be increased above the level in effect on April 10, 1947.

(d) Screen quotas shall be subject to negotiation for their limitation, liberalization or elimination.

Article V

Freedom of transit

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party, when the passage across such territory with or without trans-shipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this article "traffic in transit".
2. There shall be freedom of transit through the territory of each contracting party via the routes most convenient for international transit for traffic in transit to or from the territory of other contracting parties. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.
3. Any contracting party may require that traffic in transit through its territory be entered at the proper customs house, but, except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territory of other contracting parties shall be reasonable, having regard to the conditions of the traffic.
5. With respect to all charges, regulations and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory any other contracting party treatment no less favourable than the treatment accorded to traffic in transit to or from any third country.
6. Each contracting party shall accord to products which have been in transit through the territory any other contracting party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment existing on the day of the signature of this Agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's prescribed method of valuation for duty purposes.
7. The provisions of this Article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods (including baggage).

Article VI

Anti-Dumping and Countervailing Duties

1. No anti-dumping duty shall be levied on any product of the territory of any contracting party imported into the territory of any other contracting party in excess of an amount equal to the margin of dumping under which such product is being imported. For the purposes of this Article, the margin of dumping shall be understood to mean the amount by which the price of the product exported from one country to another

(a) is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or,

(b) in the absence of such domestic price, is less than either

(i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or

(ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

2. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production or export of such product in the country of origin

or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production or exportation of any merchandise.

3. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to anti-dumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation, or by reason of the refund of such duties or taxes.

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both anti-dumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

5. No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to prevent or materially retard the establishment of a domestic industry. The contracting parties acting in their joint capacity as provided for in Article XXV (hereinafter referred to as the Contracting Parties) may waive the requirements of this paragraph so as to permit a contracting party to levy an anti-dumping duty or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which

causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the importing contracting party.

6. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the product for export at a price lower than the comparable price charged for the like product to buyers in the domestic market, shall be considered not to result in material injury within the meaning of paragraph 5 of this Article, if it is determined by consultation among the contracting parties substantially interested in the product concerned :

(a) that the system has also resulted in the sale of the product for export at a price higher than the comparable price charged for the like product to buyers in the domestic market,
and

(b) that the system is so operated, either because of the effective regulation of production or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.

7. No measures other than anti-dumping or countervailing duties shall be applied by any contracting party in respect of any product of the territory of any other contracting party for the purpose of offsetting dumping or subsidization.

Article VII

Valuation for Customs Purposes

1. The contracting parties recognize the validity of the general principles of valuation set forth in the following paragraphs of this Article, and they undertake to give effect to such principles, in respect of all products subject to duties or other charges or restrictions on importation and exportation based upon or regulated in any manner by value, at the earliest practicable date. Moreover, they shall, upon a request by another contracting party, review the operation of any of their laws or regulations relating to value for customs purposes in the light of these principles. The Contracting Parties may request from contracting parties reports on steps taken by them in pursuance of the provisions of this Article.

2. (a) The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values.

(b) "Actual value" should be the price at which at a time and place determined by the legislation of the country of importation and in the ordinary course of trade, such or like merchandise is sold or offered for sale under fully competitive conditions. To the extent to which the price of such or like merchandise is governed by the quantity in a particular transaction, the price to be considered should

uniformly be related to either (i) comparable quantities, or (ii) quantities not less favourable to importers than those in which the greater volume of the merchandise is sold in the trade between the countries of exportation and importation.

(c) When the actual value is not ascertainable in accordance with sub-paragraph (b) of this paragraph, the value for customs purposes should be based on the nearest ascertainable equivalent of such value.

3. The value for customs purposes of any imported product should not include the amount of any internal tax applicable within the country of origin or export, from which the imported product has been exempted or has been or will be relieved by means of refund.

4. (a) Except as otherwise provided in this paragraph, where it is necessary for the purpose of paragraph 2 for a contracting party to convert into its own currency a price expressed in the currency of another country, the conversion rate of exchange to be used shall be based on the par values of the currencies involved as established pursuant to the Articles of Agreement of the International Monetary Fund or by special exchange agreements entered into pursuant to Article XV of this Agreement.

(b) Where no such par value has been established, the conversion rate shall reflect effectively the current value of such currency in commercial transactions.

(c) The Contracting Parties, in agreement with the International Monetary Fund, shall formulate rules governing the conversion by contracting parties of any foreign currency

in respect of which multiple rates of exchange are maintained consistently with the Articles of Agreement of the International Monetary Fund. Any contracting party may apply such rules in respect of such foreign currencies for the purposes of paragraph 2 of this Article as an alternative to the use of par values. Until such rules are adopted by the Contracting Parties, any contracting party may employ in respect of any such foreign currency rules of conversion for the purposes of paragraph 2 of this Article which are designed to reflect effectively the value of such foreign currency in commercial transactions.

(d) Nothing in this paragraph shall be construed to require any contracting party to alter the method of converting currencies for customs purposes, which is applicable in its territory on the day of the signature of this agreement, if such alteration would have the effect of increasing generally the amounts of duty payable.

5. The bases and methods for determining the value of products subject to duties or other charges or restrictions based upon or regulated in any manner by value should be stable and should be given sufficient publicity to enable traders to estimate, with a reasonable degree of certainty, the value for customs purposes.

Article VIII

Formalities connected with Importation and Exportation

1. The contracting parties recognize that fees and charges, other than duties imposed by governmental authorities on or in connexion with importation or exportation should be limited in amount to the approximate cost of services rendered and should not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes. The contracting parties also recognize the need for reducing the number and diversity of such fees and charges, for minimizing the incidence and complexity of import and export formalities, and for decreasing and simplifying import and export documentation requirements.
2. The contracting parties shall take action in accordance with the principles and objectives of paragraph 1 of this Article at the earliest practicable date. Moreover, they shall, upon request by another contracting party, review the operation of any of their laws and regulations in the light of these principles.
3. No contracting party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation which is easily rectifiable and obviously made without fraudulent intent or gross negligence shall be greater than necessary to serve merely as a warning.
4. The provisions of this Article shall extend to fees, charges, formalities and requirements imposed by governmental authorities in connexion with importation and exportation,

including those relating to:

- (a) consular transactions, such as consular invoices and certificates;
- (b) quantitative restrictions;
- (c) licensing;
- (d) exchange control;
- (e) statistical services;
- (f) documents, documentation and certification;
- (g) analysis and inspection, and
- (h) quarantine, sanitation and fumigation.

Article IX

Marks of Origin.

1. Each contracting party shall accord to the products of the territory each other contracting party treatment with regard to marking requirements no less favourable than the treatment accorded to like products of any third country.
2. Whenever administratively practicable, contracting parties should permit required marks of origin to be affixed at the time of importation.
3. The laws and regulations of contracting parties relating to the marking of imported products shall be such as to permit compliance without seriously damaging the products, or materially reducing their value, or unreasonably increasing their cost.
4. As a general rule no special duty or penalty should be imposed by any contracting party for failure to comply with marking requirements prior to importation unless corrective marking is unreasonably delayed or deceptive marks have been affixed or the required marking has been intentionally omitted.

5. The contracting parties shall co-operate with each other with a view to preventing the use of trade names in such manner as to misrepresent the true origin of a product, to the detriment of the distinctive regional or geographical names of products of a contracting party, which are protected by the legislation of such contracting party. Each contracting party shall accord full and sympathetic consideration to such requests or representations as may be made by any other contracting party regarding the application of the undertaking set forth in the preceding sentence to names of products which have been communicated to it by the other contracting party.

Article X

Publication and Administration of Trade Regulations

1. Laws, regulations, judicial decisions and administrative rulings of general application made effective by any contracting party, pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing, inspection, exhibition, processing, mixing or other use, shall be published promptly in such a manner as to enable governments and traders to become acquainted with them. Agreements in force between the government or a governmental agency of any contracting party and the government or governmental agency of any other contracting party affecting international trade policy shall also be published. This paragraph shall not require any contracting

party to disclose confidential information which would impede law enforcement, or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. No measure of general application taken by any contracting party effecting an advance in a rate of duty or other charge on imports under an established and uniform practice or imposing a new or more burdensome requirement, restriction or prohibition on imports, or on the transfer of payments therefor, shall be enforced before such measure has been officially published.

3. (a) Each contracting party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, decisions and rulings of the kind described in paragraph 1 of this Article.

(b) Each contracting party shall maintain, or institute as soon as practicable, judicial, arbitral or administrative tribunals or procedures for the purpose, inter alia, of the prompt review and correction of administrative action relating to customs matters. Such tribunals or procedures shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by and shall govern the practice of such agencies unless an appeal is lodged with a court or tribunal of superior jurisdiction within the time prescribed for appeals to be lodged by importers; Provided that the central administration of such agency may take steps to obtain a review of the matter in

another proceeding if there is good cause to believe that the decision is inconsistent with established principles of law or the actual facts.

(c) The provisions of sub-paragraph (b) of this paragraph shall not require the elimination or substitution of procedures in force in the territory of a contracting party on the day of the signature of this Agreement which in fact provide for an objective impartial review of administrative action even though such procedures are not fully or formally independent of the agencies entrusted with administrative enforcement. Any contracting party employing such procedures shall, upon request, furnish the Contracting Parties with full information thereon in order that the Contracting Parties may determine whether such procedures conform to the requirements of this sub-paragraph, and those of sub-paragraph (b).

Article XI

General Elimination of Quantitative Restrictions

1. No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.

2. The provisions of paragraph 1 of this Article shall not extend to the following:

(a) export prohibitions or restrictions temporarily applied to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting contracting party;

(b) import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade;

(c) import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate:

(i) to restrict the quantities permitted to be marketed or produced of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported product can be directly substituted; or

(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported products can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or

(iii) to restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

Any contracting party applying restrictions on the importation of any product pursuant to this sub-paragraph shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value. Moreover, any restrictions applied under (i) above shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the contracting party shall pay due regard to the proportion prevailing during a previous representative period, and to any special factors which may have affected or may be affecting the trade in the product concerned.

3. Throughout Articles XI, XII, XIII and XIV the terms "import restrictions" or "export restrictions" include restrictions made effective through state-trading operations.

Article XII

Restrictions to Safeguard the Balance of Payments

1. Notwithstanding the provisions of paragraph 1 of Article XI, any contracting party in order to safeguard its external financial position and balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article.

2. (a) No contracting party shall institute, maintain or intensify import restrictions under this Article except to the extent necessary

(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or

(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves; due regard being paid in either case to any special factors which may be affecting the contracting party's reserves or need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

(b) Contracting parties applying restrictions under sub-paragraph (a) shall progressively relax them as such conditions improve, maintaining them only to the extent that the conditions specified in that sub-paragraph still justify their application. They shall eliminate the restrictions when conditions would no longer justify their institution or maintenance under that sub-paragraph.

3. (a) The contracting parties recognize that during the next few years all of them will be confronted in varying degrees with problems of economic adjustment resulting from the war. During this period the Contracting Parties shall, when required to take decisions under this Article or under Article XIV, take full account of the difficulties of post-war adjustment and of the need which a contracting party may have to use import restrictions as a step towards the restoration of equilibrium in its balance of payments on a sound and lasting basis.

(b) The contracting parties recognize that, as a result of domestic policies directed toward the achievement and maintenance of full and productive employment and large and steadily growing demand or toward the reconstruction or development of industrial and other economic resources and the raising of standards of productivity, such a contracting party may experience a high level of demand for imports. Accordingly,

(i) notwithstanding the provisions of paragraph 2 of this Article no contracting party shall be required to withdraw or modify restrictions on the ground that a change in such policies would render unnecessary the restrictions which it is applying under this Article.

(ii) any contracting party applying import restrictions under this Article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential in the light of such policies.

(c) Contracting parties undertake, in carrying out their domestic policies:

- (i) to pay due regard to the need for restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources;
- (ii) not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities, the exclusion of which would impair regular channels of trade, or restrictions which would prevent the importation of commercial samples, or prevent compliance with patent, trademark, copyright, or similar procedures; and
- (iii) to apply restrictions under this Article in such a way as to avoid unnecessary damage to the commercial or economic interests of any other contracting party.

4. (a) Any contracting party which is not applying restrictions under this Article, but is considering the need to do so, shall, before instituting such restrictions (or, in circumstances in which prior consultation is impracticable, immediately after doing so), consult with the Contracting Parties as to the nature of its balance of payments difficulties, alternative corrective measures which may be available, and the possible effect of such measures on the economies of other contracting parties. No contracting party shall be required in the course of consultations under this sub-paragraph to indicate

in advance the choice or timing of any particular measure which it may ultimately determine to adopt.

(b) The Contracting Parties may at any time invite any contracting party which is applying import restrictions under this Article to enter into such consultations with it, and shall invite any contracting party substantially intensifying such restrictions to consult within thirty days. A contracting party thus invited shall participate in such discussions. The Contracting Parties may invite any other contracting party to take part in these discussions. Not later than two years from the day on which this Agreement enters into force, the Contracting Parties shall review all restrictions existing on that day and still applied under this Article at the time of the review.

(c) Any contracting party may consult with the Contracting Parties with a view to obtaining the prior approval of the Contracting Parties for restrictions which the contracting party proposes, under this Article, to maintain, intensify or institute, or for the maintenance, intensification or institution of restrictions under specified future conditions. As a result of such consultations, the Contracting Parties may approve in advance the maintenance, intensification or institution of restrictions by the contracting party in question in so far as the general extent, degree of intensity and duration of the restrictions are concerned. To the extent to which such approval has been given, the requirements of sub-paragraph (a) of this paragraph shall be deemed to have been fulfilled, and the action of the contracting party applying the restrictions shall not be open to challenge under sub-paragraph (d) of this paragraph on the ground that such action is inconsistent with the provisions of paragraph 2 of this Article.

(d) Any contracting party which considers that another

contracting party is applying restrictions under this Article inconsistently with paragraph 2 or 3 of this Article or with Article XIII (subject to the provisions of Article XIV), may bring the matter for discussion to the Contracting Parties; and the contracting party applying the restrictions shall participate in the discussion. The Contracting Parties, if they are satisfied that there is a prima facie case that the trade of the contracting party initiating the procedure is adversely affected, shall submit their views to the parties with the aim of achieving a settlement of the matter in question which is satisfactory to the parties and to the Contracting Parties. If no such settlement is reached and if the Contracting Parties determine that the restrictions are being applied inconsistently with paragraph 2 or 3 of this Article or with Article XIII (subject to the provisions of Article XIV), the Contracting Parties shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified in accordance with the recommendation of the Contracting Parties within sixty days, the Contracting Parties may release any contracting party from specified obligations under this Agreement, towards the contracting party applying the restrictions.

(c) It is recognized that premature disclosure of the prospective application, withdrawal or modification of any restriction under this Article might stimulate speculative trade and financial movements which would tend to defeat the purposes of this Article. Accordingly, the Contracting Parties shall make provision for the observance of the utmost secrecy in the conduct of any consultation.

5. If there is a persistent and widespread application of import restrictions under this Article, indicating the existence of a general disequilibrium which is restricting international trade, the Contracting Parties shall initiate discussions to consider

whether other measures might be taken, either by those contracting parties whose balances of payments are under pressure or by those contracting parties whose balances of payments are tending to be exceptionally favourable, or by any appropriate inter-governmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the Contracting Parties, contracting parties shall participate in such discussions.

Article XIII

Non-discriminatory Administration of Quantitative
Restrictions

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.
2. In applying import restrictions to any product, contracting parties shall aim at a distribution of trade in such product approaching as closely as possible to the shares which the various contracting parties might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:
 - (a) wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not), shall be fixed, and notice given of their amount in accordance with paragraph 3 (b) of this Article;

(b) in cases in which quotas are not practicable, the restrictions may be applied by means of import licenses or permits without a quota;

(c) contracting parties shall not, except for purposes of operating quotas allocated in accordance with sub-paragraph

(d) of this paragraph, require that import licenses or permits be utilized for the importation of the product concerned from a particular country or source;

(d) in cases in which a quota is allocated among supplying countries, the contracting parties applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product, shares based upon the proportions, supplied by such contracting parties during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any contracting party from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3.(a) In cases in which import licences are issued in connection with import restrictions, the contracting party applying the restriction shall provide, upon the request of any contracting party having an interest in the trade in the product concerned, all relevant information concerning the administration of the restriction, the import licenses granted over a recent period and the distribution of such licenses among supplying countries; Provided that there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas, the contracting party applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry; Provided that they may be counted, so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods, and Provided further that if any contracting party customarily exempts from such restrictions products entered for consumption or withdrawn from ware house for consumption during a period of thirty days after the day of such public notice, such practice shall be considered full compliance with this sub-paragraph.

(c) In the case of quotas allocated among supplying countries the contracting party applying the restriction shall promptly inform all other contracting parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

4. With regard to restrictions applied in accordance with paragraph 2(d) of this Article or under paragraph 2(c) of Article XI, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the contracting party applying the restriction; Provided that such contracting party shall upon the request of any other contracting party having a substantial interest in supplying that product or upon the request of the Contracting Parties, consult promptly with the other contracting party or the Contracting Parties regarding the need for an adjustment of the proportion determined or of the base period selected or for the re-appraisal of the special factors involved, or for the elimination of conditions, formalities or any other provisions established unilaterally upon the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this Article shall apply to any tariff quota instituted or maintained by any contracting party and, insofar as applicable, the principles of this Article shall also extend to export restrictions and to any internal regulation or requirements under paragraph 2 of Article III.

Article XIV

Exceptions to the Rule of Non-discrimination

1. (a) The contracting parties recognize that when a substantial and widespread disequilibrium prevails in international trade and payments a contracting party applying restrictions under Article XII may be able to increase its imports from certain sources without unduly depleting its monetary reserves, if permitted to depart from the provisions of Article XIII. The contracting parties also recognize the need for close limitation of such departures so as not to handicap achievement of multilateral international trade.

(b) Accordingly, when a substantial and widespread disequilibrium prevails in international trade and payments a contracting party applying import restrictions under Article XII may relax such restrictions in a manner which departs from the provisions of Article XIII to the extent necessary to obtain additional imports above the maximum total of imports which it could afford in the light of the requirements of paragraph 2 of Article XII if its restrictions were fully consistent with Article XIII, provided that

(i) levels of delivered prices for products so imported are not established substantially higher than those ruling for comparable goods regularly available from other contracting parties, and that any excess of such price levels for products so imported is progressively reduced over a reasonable period;

(ii) the contracting party taking such action does not do so as part of any arrangement by which the gold or convertible currency which the contracting party

currently receives directly or indirectly from its exports to other contracting parties not party to the arrangement is appreciably reduced below the level it could otherwise have been reasonably expected to attain;

(iii) such action does not cause unnecessary damage to the commercial or economic interests of any other contracting party.

(c) Any contracting party taking action under this paragraph shall observe the principles of sub-paragraph (b) of this paragraph. A contracting party shall desist from transactions which prove to be inconsistent with that sub-paragraph but the contracting party shall not be required to satisfy itself, when it is not practicable to do so, that the requirements of that sub-paragraph are fulfilled in respect of individual transactions.

(d) Contracting parties undertake in framing and carrying out any programmes for additional imports under this paragraph to pay due regard to the need to facilitate the termination of any exchange arrangements which deviate from the obligations of Sections 2, 3 and 4 of Article VIII of the Articles of Agreement of the International Monetary Fund and to the need to restore equilibrium in their balances of payments on a sound and lasting basis.

2. Any contracting party taking action under paragraph 1 of this Article shall keep the Contracting Parties regularly informed regarding such action and shall provide such available relevant information as the Contracting Parties may request.

3. (a) Not later than 1st March, 1952 (five years after the date on which the International Monetary Fund began operations) and in

each year thereafter, any contracting party maintaining or proposing to institute action under paragraph 1 of this Article shall seek the approval of the Contracting Parties, which shall thereupon determine whether the circumstances of the contracting party justify the maintenance or institution of action by it under paragraph 1 of this Article. After 1 March 1952 no contracting party shall maintain or institute such action without determination by the Contracting Parties that the contracting party's circumstances justify the maintenance or institution of such action, as the case may be, and the subsequent maintenance or institution of such action by the contracting party shall be subject to any limitations which the Contracting Parties may prescribe for the purpose of ensuring compliance with the provisions of paragraph 1 of this Article, provided that the Contracting Parties shall not require that prior approval be obtained for individual transactions.

(b) If at any time the Contracting Parties find that import restrictions are being applied by a contracting party in a discriminatory manner inconsistent with the exceptions provided for under paragraph 1 of this Article, the contracting party shall, within sixty days, remove the discrimination or modify it as specified by the Contracting Parties; Provided that any action under paragraph 1 of this Article, to the extent that it has been approved by the Contracting Parties under sub-paragraph (a) of this paragraph or to the extent that it has been approved by the Contracting Parties at the request of a contracting party under a procedure analogous to that of paragraph 4(c) of Article XII shall not be open to challenge under this sub-paragraph or under paragraph 4(d) of Article XII on the ground that it is inconsistent with Article XIII.

(c) Not later than March 1, 1950, and in each year thereafter so long as any contracting parties are taking action under paragraph 1 of this Article, the Contracting Parties shall report on the action still taken by contracting parties under that paragraph. On or about March 1, 1952, and in each year thereafter so long as any contracting parties are taking action under paragraph 1 of this Article, and at such times thereafter as the Contracting Parties may decide, the Contracting Parties shall review the question of whether there then exists such a substantial and widespread disequilibrium in international trade and payments as to justify resort to paragraph 1 of this Article by contracting parties. If it appears at any date prior to March 1, 1952, that there has been a substantial and general improvement in international trade and payments, the Contracting Parties may review the situation at that date. If, as a result of any such review, the Contracting Parties determine that no such disequilibrium exists, the provisions of paragraph 1 of this Article shall be suspended, and all actions authorized thereunder shall cease six months after such determination.

4. The provisions of Article XIII shall not preclude restrictions in accordance with Article XII which either

(a) are applied against imports from other countries, but not as among themselves, by a group of territories having a common quota in the International Monetary Fund on condition that such restrictions are in all other respects consistent with Article XIII, or

(b) assist, in the period until 31 December 1951, by measures not involving substantial departure from the provisions of Article XIII, another country whose economy has been disrupted by war.

5. The provisions of this Agreement shall not preclude:
- (a) restrictions with equivalent effect to exchange restrictions authorized under Section 3(b) of Article VII of the Articles of Agreement of the International Monetary Fund; or
 - (b) restrictions under the preferential arrangements provided for in Annex A of this Agreement, subject to the conditions set forth therein.

[6. *]

Article XV

Exchange Arrangements

1. The Contracting Parties shall seek co-operation with the International Monetary Fund to the end that the Contracting Parties and the Fund may pursue a co-ordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the Contracting Parties.
2. In all cases in which the Contracting Parties are called upon to consider or deal with problems concerning monetary reserves, balance of payments or foreign exchange arrangements, the Contracting Parties shall consult fully with the International Monetary Fund. In such consultation, the Contracting Parties shall accept all findings of statistical and other facts presented by the International Monetary Fund relating to foreign exchange, monetary reserves and balance of payments, and shall accept the determination of the Fund as to whether action by a contracting party in exchange matters is in accordance with the Articles of Agreement of the International Monetary Fund or with the terms of a special exchange agreement between that contracting party and the Contracting Parties. The Contracting Parties in reaching their final decision in cases involving the criteria set forth in paragraph 2 (a) of Article XII shall accept the determination

* The Committee is to add a new paragraph relating to the contents of the proposals circulated as documents E/PC/T/W/327 and E/PC/T/W/331.

of the International Monetary Fund as to what constitutes a serious decline in the contracting party's monetary reserves, a very low level of its monetary reserves or a reasonable rate of increase in its monetary reserves, and as to the financial aspects of other matters covered in consultation in such cases.

3. The Contracting Parties shall seek agreement with the International Monetary Fund regarding procedures for consultation under paragraph 2 of this Article.

4. Contracting parties shall not, by exchange action, frustrate the intent of the provisions of this Agreement, nor, by trade action, the intent of the provisions of the Articles of Agreement of the International Monetary Fund.

5. If the Contracting Parties consider, at any time, that exchange restrictions on payments and transfers in connection with imports are being applied by a contracting party in a manner inconsistent with the exceptions provided in this Agreement for quantitative restrictions, they shall report thereon to the International Monetary Fund.

6. 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 International Monetary Fund, become a member of the Fund or, failing that, enter into a special exchange agreement with the Contracting Parties.

A contracting party which ceases to be a member of the International Monetary Fund shall forthwith enter into a special exchange agreement with the Contracting Parties. Any special exchange agreement entered into by a contracting party under this paragraph shall thereupon become part of its obligations under this Agreement.

7. (a) A special exchange agreement between a contracting party and the Contracting Parties under paragraph 6 of this Article shall provide to the satisfaction of the Contracting Parties that the objectives of this Agreement will not be frustrated as a result of action in exchange matters by the contracting party in question.

(b) The terms of any such agreement shall not impose obligations on the 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.

8. A contracting party which is not a member of the International Monetary Fund shall furnish such information within the general scope of Section 5 of Article VIII of the Articles of Agreement of the International Monetary Fund, as the Contracting Parties may require in order to carry out their functions under this Agreement.

9. Subject to paragraph 4 of this Article, nothing in this Agreement shall preclude:

(a) the use by a contracting party of exchange controls or exchange restrictions in accordance with the Articles of Agreement of the International Monetary Fund or with that contracting party's special exchange agreement with the Contracting Parties, or

(b) the use by a contracting party of restrictions or controls on imports or exports, the sole effect of which, additional to the effects permitted under this Agreement is to make effective such exchange controls or exchange restrictions.

Article XVI

Subsidies

If any contracting party grants or maintains any subsidy, including any form of income or price support, which operates directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, the contracting party shall notify the Contracting Parties in writing of the extent and nature of the subsidization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from the territory of the contracting party and of the circumstances making the subsidization necessary. In any case in which it is determined that serious prejudice to the interest of any other contracting party is caused or threatened by any such subsidization, the contracting party granting the subsidy shall, upon request, discuss with the other contracting party or parties concerned, or with the Contracting Parties the possibility of limiting the subsidization.

Article XVII

Non-discriminatory Treatment on the part of
State-Trading Enterprises

1. (a) Each contracting party undertakes that if it establishes or maintains a state enterprise, wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the general principles of non-discriminatory treatment applied in this Agreement to governmental measures affecting

imports or exports by private traders.

(b) The provisions of sub-paragraph (a) of this paragraph shall be understood to require that such enterprises shall, having due regard to the other provisions of this Agreement, make any such purchase or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale, and shall afford the enterprises of the other contracting parties adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.

(c) No contracting party shall prevent any enterprise (whether or not an enterprise described in sub-paragraph (a) of this paragraph) under its jurisdiction from acting in accordance with the principles of sub-paragraphs (a) and (b) of this paragraph.

2. The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for re-sale or for use in the production of goods for sale. With respect to such imports, the contracting parties shall accord to the trade of the other contracting parties fair and equitable treatment.

Article XVIII

Adjustments in Connection with Economic Development

1. The contracting parties recognise that special governmental assistance may be required to promote the establishment, development or reconstruction of particular industries, or particular branches of agriculture, and that in appropriate circumstances

the grant of such assistance in the form of protective measures is justified. At the same time they recognize that an unwise use of such measures would impose undue burdens on their own economies, unwarranted restrictions on international trade and might increase unnecessarily the difficulties of adjustment for the economies of other countries.

2. (a) If a contracting party in the interest of its programme of economic development or reconstruction considers it desirable to adopt any non-discriminatory measure which would conflict with any provision of this Agreement or with any obligation which the contracting party has assumed through negotiations with any other contracting party or parties pursuant to this Agreement, such applicant contracting party shall so notify the Contracting Parties and shall transmit to the Contracting Parties a written statement of the considerations in support of the adoption of the proposed measure.

(b) The Contracting Parties shall promptly transmit such statement to all other contracting parties and any contracting party which considers that its trade would be substantially affected by the proposed measure shall transmit its views to the Contracting Parties within such period as shall be prescribed by the Contracting Parties.

(c) The Contracting Parties shall then promptly examine the proposed measure to determine whether they concur in it, with or without modification, and shall in their examination have regard to the provisions of this Agreement, to the considerations presented by the applicant contracting party and its stage of economic development or reconstruction, to the views presented

by contracting parties who may be substantially affected, and to the effect which the proposed measure, with or without modification, is likely to have on international trade.

3. (a) If as a result of their examination pursuant to paragraph 2(c) of this Article the Contracting Parties concur in principle in any proposed measure, with or without modification, which would be inconsistent with any obligation that the applicant contracting party has assumed through negotiations with any other contracting party or parties pursuant to this Agreement, or which would tend to nullify or impair the benefit to such other contracting party or parties of any such obligation, the Contracting Parties shall sponsor and assist in negotiations between the applicant contracting party and the other contracting party or parties which would be substantially affected with a view to obtaining substantial agreement. The Contracting Parties shall establish and communicate to the contracting parties concerned a time schedule for such negotiations.

(b) Contracting parties shall commence the negotiations provided for in sub-paragraph (a) of this paragraph within such period as the Contracting Parties may prescribe and shall thereafter, unless the Contracting Parties decide otherwise, proceed continuously with such negotiations with a view to reaching substantial agreement in accordance with the time schedule laid down by the Contracting Parties.

(c) Upon substantial agreement being reached, the Contracting Parties may release the applicant contracting party from the obligation referred to in sub-paragraph (a) of this paragraph or from any other relevant obligation under this Agreement, subject to such limitations as may have been agreed upon in the negotiations between the contracting parties concerned.

4. (a) If, as a result of their examination pursuant to paragraph 2(c) of this Article, the Contracting Parties concur in any proposed measures with or without modification, other than those provided for in paragraph 3(a) of this Article, which would be inconsistent with any provision of this Agreement, the Contracting Parties may release the applicant contracting party from any obligation under such provision, subject to such limitations as the Contracting Parties may impose.

(b) If, having regard to the provisions of paragraph 2(c), it is established in the course of such examination that such measure is unlikely to be more restrictive of international trade than any other practicable and reasonable measure permitted under this Agreement which could be imposed without undue difficulty and that it is the one most suitable for the purpose having regard to the economics of the industry or the branch of agriculture concerned and to the current economic condition of the applicant contracting party, the Contracting Parties shall concur in such measure and grant such release as may be required to make such measure effective.

(c) If in anticipation of the concurrence of the Contracting Parties in the adoption of a measure concerning which notice has been given under paragraph 2 of this Article, other than a measure provided for in paragraph 3(a) of this Article, there should be an increase or threatened increase in the importations of the product or products concerned, including products which can be directly substituted therefor, so substantial as to jeopardize the plans of the applicant contracting party for the establishment, development or reconstruction of the industry or industries

concerned, or branches of agriculture concerned, and if no preventive measures consistent with this Agreement can be found which seem likely to prove effective, the applicant contracting party may, after informing, and when practicable consulting with, the Contracting Parties, adopt such other measures as the situation may require pending a determination by the Contracting Parties; Provided that such measures do not reduce imports below the level obtaining in the most recent representative period preceding the date on which the contracting party's original notification was made under paragraph 2 of this Article.

5. (a) In the case of measures referred to in paragraph 3 of this Article, the Contracting Parties shall, at the earliest opportunity but ordinarily within fifteen days after receipt of the statement referred to in paragraph 2(a) of this Article, advise the applicant contracting party of the date by which the Contracting Parties will notify it whether or not they concur in principle in the proposed measure, with or without modification.

(b) In the case of measures referred to in paragraph 4 of this Article, the Contracting Parties shall, as provided for in paragraph 5(a), advise the applicant contracting party of the date by which they will notify it whether or not it is released from such obligation or obligations as may be relevant; Provided that, if the applicant contracting party does not receive a final reply by the date set by the Contracting parties, it may after communicating with the Contracting Parties, institute the proposed measure after the expiration of a further thirty days from such date.¹

¹ A sub-committee has been established to consider the proposal of the United States Delegation that new paragraphs 6 and 7 be added to this Article. (Document E/PC/T/W/192)

ARTICLE XIX

Emergency Action on Imports of Particular Products

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party or pursuant to this agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) If any product, which is the subject of a concession with respect to a preference, is being imported into the territory of a contracting party in the circumstances set forth in subparagraph (a) of this paragraph, so as to cause or threaten serious injury to domestic producers of like or directly competitive products in the territory of a contracting party which receives or received such preference, the importing contracting party shall be free, if that other contracting party so requests, to suspend the relevant obligation in whole or in part or to withdraw or modify the concession in respect of the product, to the extent and for such time as may be necessary to prevent or remedy such injury.

2. Before any contracting party shall take action pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the Contracting Parties as far in advance as may be practicable and shall afford the Contracting Parties and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given

in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, such action may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting party shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty days from the day on which written notice of such suspension is received by the Contracting Parties, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph 1(b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent obligations or concessions under this Agreement the suspension of which the Contracting Parties do not disapprove.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, where action is taken under paragraph 2 of this article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such obligations or concessions as may be necessary to prevent or remedy the injury.

ARTICLE XX

General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

- I (a) necessary to protect public morals;
- (b) necessary to protect human, animal or plant life or health;
- (c) relating to the importation or exportation of gold or silver;
- (d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under Articles II and XVII of this Agreement, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices;
- (e) relating to the products of prison labour;
- (f) imposed for the protection of national treasures of artistic, historic or archaeological value;
- (g) relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption;
- (h) undertaken in pursuance of obligations under inter-governmental commodity agreements, conforming to the principles approved by the Economic and Social Council

of the United Nations in its Resolution of March 28, 1947, establishing an Interim Coordinating Committee for International Commodity Arrangements; or

- (i) involving restrictions on exports of domestic materials necessary to assure essential quantities of such materials to a domestic processing industry during periods when the domestic price of such materials is held below the world price as part of a governmental stabilization plan; Provided that such restrictions shall not operate to increase the exports of or the protection afforded to such domestic industry, and shall not depart from the provisions of this Agreement relating to non-discrimination.

- II (a) Essential to the acquisition or distribution of products in general or local short supply; Provided that any such measures shall be consistent with any multilateral arrangements directed to an equitable international distribution of such products or, in the absence of such arrangements, with the principle that all contracting parties are entitled to an equitable share of the international supply of such products;
- (b) essential to the control of prices by a contracting party undergoing shortages subsequent to the war; or
- (c) essential to the orderly liquidation of temporary surpluses of stocks owned or controlled by the government of any contracting party or of industries developed in the territory of any contracting party owing to the exigencies of the war which it would be uneconomic to maintain in normal conditions; Provided that such measures shall not be instituted by any contracting party except

after consultation with other interested contracting parties with a view to appropriate international action.

Measures instituted or maintained under Paragraph II of this Article which are inconsistent with the other provisions of this Agreement shall be removed as soon as the conditions giving rise to them have ceased, and in any event not later than 1 January 1951; Provided that this period may, with the concurrence of the Contracting Parties be extended in respect of the application of any particular measure to any particular product by any particular contracting party for such further periods as the Contracting Parties may specify.

ARTICLE XXI

Security Exceptions

Nothing in this Agreement shall be construed

- (a) to require any contracting party to furnish any information the disclosure of which it considers contrary to its essential security interests, or
- (b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests,
 - (i) relating to fissionable materials or the materials from which they are derived;
 - (ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;
 - (iii) taken in time of war or other emergency in international relations; or
- (c) to prevent any contracting party from taking any action in pursuance of its obligations under the

United Nations Charter for the maintenance of
international peace and security

ARTICLE XXII

Consultation

Each contracting party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as may be made by any other contracting party with respect to the operation of customs regulations and formalities, anti-dumping and countervailing duties, quantitative and exchange regulations, subsidies, state-trading operations, sanitary laws and regulations for the protection of human, animal or plant life or health, and generally all matters affecting the operation of this Agreement.

ARTICLE XXIII

Nullification or Impairment

If any contracting party should consider that any benefit accruing to it directly or indirectly under this Agreement or its accompanying Protocol* is being nullified or impaired or any objective of the Agreement is being impeded as the result of (i) the failure of another contracting party to carry out its obligations under this Agreement or the accompanying Protocol, or (ii) the application by another contracting party of any measure, whether or not it conflicts with the provisions of this Agreement; or (iii) the existence of any other situation, the contracting party may, with a view to the satisfactory adjustment of the matter, make written representations or proposals to the other

This provision will have to be redrafted if there is more than one accompanying Protocol.

contracting party or parties which it considers to be concerned. Any contracting party thus approached shall give sympathetic consideration to the representations or proposals made to it. If no satisfactory adjustment is effected between the contracting parties concerned within a reasonable time, or if the difficulty is of the type described in (iii) above, the matter may be referred to the Contracting Parties. The Contracting Parties shall promptly investigate any matter so referred to them and make appropriate recommendations to the contracting parties which they consider to be concerned or give a ruling on the matter, as appropriate. The Contracting Parties may consult with contracting parties, with the Economic and Social Council of the United Nations and with any appropriate inter-governmental organizations in cases where they consider such consultation necessary. If the Contracting Parties consider that the circumstances are serious enough to justify such action, they may authorize a contracting party or parties to suspend the application to such other contracting party or parties of such obligations or concessions under this Agreement as the Contracting Parties determine to be appropriate in the circumstances. If the application to any contracting party of any obligation or concession is in fact suspended, that contracting party shall then be free, not later than sixty days after such action is taken, to advise the Contracting Parties in writing of its intention to withdraw from this Agreement and such withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of such withdrawal is received by the Contracting Parties.

PART III

ARTICLE XXIV

Territorial application - Frontier
Traffic - Customs Unions

1. The rights and obligations arising under this Agreement shall be deemed to be in force between each and every territory, which is a separate customs territory and in respect of which this Agreement has been accepted under Article XXVI or is being provisionally applied [under the Protocol of Provisional Application] *

2. The provisions of this Agreement shall not be construed to prevent:

(a) Advantages accorded by any contracting party to adjacent countries in order to facilitate frontier traffic; or

(b) The formation of a customs union or the adoption of an interim agreement necessary for the attainment of a customs union, Provided that the duties and other regulations of commerce imposed by, or any margins of preference maintained by, any such union or agreement in respect of trade with contracting parties shall not on the whole be higher or more stringent than the average level of the duties and regulations of commerce or margins or preference applicable in the constituent territories prior to the formation of such union or the adoption of such agreement, and Provided further that any such interim agreement shall include a definite plan and schedule for the attainment of such a customs union within a reasonable length of time.

* Former paragraphs 4 and 5 of this Article having now been deleted, a decision can be taken as to whether Paragraph 1 should be transferred to Part II, or retained in this Article (See E/PC/T/TAC/PV/11, page 46).

3.(a) Any contracting party proposing to enter into a customs union shall consult with the Contracting Parties and shall make available to the Contracting Parties such information regarding the proposed union as will enable them to make such reports and recommendations to contracting parties as it may deem appropriate.

(b) No contracting party shall institute or maintain any interim agreement under the provisions of sub-paragraph 2(b) if, after a study of the plan and schedule proposed in such agreement, the Contracting Parties find that such agreement is not likely to result in such a customs union within a reasonable length of time.

(c) The plan or schedule shall not be substantially altered without consultation with the Contracting Parties.

4. For the purpose of this Article a customs territory shall be understood to mean any territory within which separate tariffs or other regulations of commerce are maintained with respect to a substantial part of the trade of such territory. A "customs union" shall be understood to mean the substitution of a single customs territory for two or more customs territories, so that all tariffs and other restrictive regulations of commerce as between the territories of members of the union are substantially eliminated and substantially the same tariffs and other regulations of commerce are applied by each of the members of the union to the trade of territories not included in the union.

5. Each contracting party shall take such reasonable measures as may be available to it to ensure observance of the provisions of this Agreement by the regional and local governments and authorities within its territory.

Article XXV.

Joint Action by the Contracting Parties

1. Representatives of the contracting parties shall meet from time to time for the purpose of giving effect to those provisions of this Agreement which involve joint action and generally with a view to facilitating the operation and furthering the objectives of this Agreement. Wherever reference is made elsewhere in this Agreement to joint action by the contracting parties, they are identified for convenience as the "Contracting Parties".

2. The Secretary General of the United Nations is hereby requested to convene the first meeting of the Contracting Parties which shall take place not later than March 1, 1948.

3. Each contracting party shall be entitled to have one vote at all meetings of the Contracting Parties.

4. Except as otherwise provided in this Agreement decisions of the Contracting Parties shall be taken by a majority of the contracting parties present and voting.

5. In exceptional circumstances not elsewhere provided for in this Agreement, the Contracting Parties may waive an obligation imposed upon a contracting party by this Agreement; Provided that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties. The Contracting Parties may also by such a vote

(a) define certain categories of exceptional circumstances to which other voting requirements shall apply for the waiver of obligations, and

(b) prescribe such criteria as may be necessary for the application of this paragraph.

6. As soon as the International Trade Organization has been established the Contracting Parties shall transfer their functions to the Organization, except to the extent that they may agree otherwise pursuant to Paragraph 1 of Article XXX.7

Article XXVI

Signature, Entry into Force and Registration.

1. The present Agreement shall be open for signature until June 30, 1948, at the Headquarters of the United Nations, Lake Success, New York, by any government signatory of the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee for the United Nations Conference on Trade and Employment.

2. The original of this Agreement shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies thereof to all interested governments.

3. Each government accepting this Agreement shall deposit an instrument of acceptance with the Secretary-General of the United Nations, who will inform all interested governments of the date of deposit of each instrument of acceptance and of the date on which this Agreement enters into force under paragraph 5.

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; Provided that it may at the time of acceptance declare that any separate customs territory for which it has international responsibility possesses full autonomy in the conduct of its external commercial relations and of the other matters provided for by this Agreement, and that acceptance does not relate to such territory; Provided further

that if any of the customs territories on behalf of which a contracting party has accepted this Agreement possess or acquires full autonomy in the conduct of its external commercial relations and of other matters provided for by this Agreement, such a territory shall, upon sponsorship through a declaration by the responsible contracting party establishing the above-mentioned fact be deemed to be a contracting party.^{7*}

[(b). A government may at any time accept this Agreement on behalf of any separate customs territory for which it has international responsibility and which is self-governing in matters provided for by this Agreement and which is willing to undertake the obligations of this Agreement. The government of such separate customs territory shall thereupon be entitled to appoint a representative to the Contracting Parties⁷.^{*}

5. This Agreement shall enter into force, as among the governments which have accepted it, on the thirtieth day following the day on which instruments of acceptance have been deposited with the Secretary-General of the United Nations on behalf of signatory governments the territories of which account for 85% of the total trade of the territories of the governments signatory of the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee for the United Nations Conference on Trade and Employment, as set forth in Annex G. The instrument of acceptance of each other government signatory to the Final Act shall take effect on the 30th day following the day on which such instrument was deposited.

6. The United Nations is authorized to effect registration of this Agreement as soon as it comes into force.

* The sub-committee which has not yet reported, recommends this redraft of sub-paragraph (a) and the deletion of sub-paragraph (b).

Article XXVII

Withholding of Withdrawal of Benefits

Any contracting party shall at any time be free to withhold or to withdraw, in whole or in part, any concession granted under paragraph 1 of Article II in respect of which such contracting party determines that it was initially negotiated with a government which has not become or has ceased to be a contracting party, provided that the contracting party taking such action shall give notice to all other contracting parties and upon request consult with such of the other contracting parties which have a substantial interest in the product concerned.

ARTICLE XXVIII

Modification of Schedules

1. On or after January 1, 1951, any contracting party may by negotiation and agreement with any other contracting party with which such treatment was initially negotiated, and subject to consultation with the other contracting parties which the Contracting Parties determine to have a substantial interest in such treatment, modify, or cease to apply, the treatment which it has agreed to accord under Paragraph 1 of Article II to any product described in the appropriate Schedule annexed to this Agreement. Such negotiations and agreement may include provision for compensatory adjustment with respect to other products. In such negotiations the contracting parties concerned shall endeavor to maintain a general level of reciprocal and mutually advantageous concessions not less favorable to trade than that provided for in the present Agreement.

2 (a) If agreement between the contracting parties primarily concerned cannot be reached, the contracting party which proposes to take the action shall, nevertheless, be free to do so, and if such action is taken, the contracting party with which such treatment was initially negotiated and such other contracting parties as have been determined under paragraph 1 of this Article to have a substantial interest, shall then be free, not later than six months after such action is taken, to withdraw, upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the Contracting Parties, such substantially equivalent concessions as have been initially negotiated with the contracting party taking such action.

(b) If agreement between the contracting parties primarily concerned is reached but any other contracting party determined under paragraph 1 of this Article to have a substantial interest is not satisfied, such other contracting party shall be free, not later than six months after action under such agreement is taken, to withdraw upon the expiration of thirty days from the day on which written notice of such withdrawal is received by the Contracting Parties, such substantially equivalent concessions as have been initially negotiated with a contracting party taking action under such agreement.

ARTICLE XXIX

Suspension and Supersession.

1. On the day on which the Charter of the International Trade Organization enters into force, Part II of this Agreement shall be suspended and superseded by the corresponding provisions of the Charter. Provided that within sixty days of the closing of the United Nations Conference on Trade and Employment at Havana any contracting party to this Agreement may lodge with the Contracting Parties an objection to any provision or provisions of this Agreement being so suspended or superseded or to the incorporation in this Agreement of any provision of the Charter.

2. Within sixty days after the final date for the lodging of objections, or as soon thereafter as is practicable, the contracting parties shall, if any such objection has been lodged, confer to consider the objection and to decide whether the relevant provision of the Charter to which objection has been lodged shall apply, or be amended, or whether the relative provisions of the General Agreement in its existing form, or in any amended form, should apply.

3. Any decision to depart from the relevant provisions of the Charter in terms of paragraph 2 shall require a majority of two-thirds of the Contracting Parties present and voting, but shall be binding on all contracting parties.

4. On 1 November 1948 if the Charter shall have entered into force and any contracting party has not accepted the Charter the contracting parties shall confer to decide whether, and if so in what way, the Agreement insofar as it affects relations between the contracting party which has not accepted the Charter and other contracting parties shall be supplemented or amended. Or whether the Agreement shall be terminated.

5. On 1 November 1948, should the Charter not have entered into force, or on such earlier date as may be agreed if it is known that the Charter will not enter into force or on such later date as is agreed if the Charter ceases to be in force, the contracting parties shall meet to decide whether the General Agreement should be amended, supplemented or maintained. *

ARTICLE XXX

Amendments

1. Except as otherwise provided for in this Agreement, amendments to Part I of this Agreement or to the provisions of this Article or of Article XXIX shall become effective upon acceptance by all of the contracting parties and other amendments to this Agreement shall become effective in respect of those contracting parties which accept them upon acceptance by two-thirds of the contracting parties and thereafter for each other contracting party upon acceptance by it.

2. The acceptance of an amendment to this Agreement by any contracting party shall be communicated to the Secretary-General

* The Committee has not yet considered this text, which is proposed by the Australian Delegation.

of the United Nations within such period as the Committee may specify. The Contracting Parties may decide that any amendment made effective under this Article is of such a nature that any contracting party which has not accepted it within a period specified by the Contracting Parties shall be free to withdraw from this Agreement, or to remain a contracting party only with the consent of the Contracting Parties.

ARTICLE XXXI

Withdrawal

On or after January 1, 1951, any contracting party may withdraw from this Agreement, or may separately withdraw on behalf of any of its territories for which it has international responsibility and which is at the time self-governing in respect of matters provided for in this Agreement. The withdrawal shall take effect upon the expiration of six months from the day on which written notice of withdrawal is received by the Secretary-General of the United Nations.

ARTICLE XXXII

Status of Contracting Parties

1. The contracting parties to this Agreement shall be understood to mean those governments which have accepted this Agreement pursuant to Article XXVI or which are applying the provisions of this Agreement pursuant to the Protocol of Provisional Application in respect of this Agreement.
2. At any time after the entry into force of this Agreement pursuant to paragraph 5 of Article XXVI those contracting parties which have accepted this Agreement pursuant to paragraph 3 of Article XXVI may decide that any contracting party which has not so accepted this Agreement shall cease to be a contracting party.

ARTICLE XXXIII

Accession

Any government not party to this Agreement, or a government acting on behalf of a separate customs territory, may accede to this Agreement on its own behalf or on behalf of that territory on terms to be agreed between such government and the contracting parties.⁷x

ARTICLE XXXIV

Annexes

The annexes to this Agreement are hereby made an integral part of this Agreement.

IN WITNESS WHEREOF the respective Representatives, after having communicated their full powers, found to be in good and due form, have signed this Agreement.

DONE in duplicate, in the English and French languages, both authentic, at Geneva, this _____ day of _____, 1947.

FOR THE, etc. _____

x Redrafted, as agreed by the sub-committee, which has not yet reported.

ANNEX A.

LIST OF TERRITORIES REFERRED TO IN PARAGRAPH 2 (a) OF
ARTICLE I.

United Kingdom of Great Britain and Northern Ireland

Dependent territories of the United Kingdom of Great
Britain and Northern Ireland

Canada

Commonwealth of Australia

Dependent territories of the Commonwealth of Australia

New Zealand

Dependent territories of New Zealand

Union of South Africa including South West Africa

Ireland

India (as at 10 April 1947)

Newfoundland

Southern Rhodesia

Burma

Ceylon

Certain of the territories listed above have two or more preferential rates in force for certain products. Any such territory may, by agreement with the other contracting parties which are principal suppliers of such products at the most-favoured-nation rate, substitute for such preferential rates a single preferential rate which shall not on the whole be less favourable to suppliers at the most-favoured-nation rate than the preferences in force prior to such substitution.

The imposition of a margin of tariff preference to replace a margin of preference in an internal tax existing on 10 April, 1947, exclusively between two or more of the territories listed in this Annex or to replace the preferential quantitative arrangements described in the following paragraph shall not be deemed to constitute an increase in a margin of tariff preference.

The preferential arrangements referred to in paragraph 5 (b) of Article XIV are those existing in the United Kingdom on 10 April 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon [and hams]. It is the intention, without prejudice to any action taken under subparagraph (h) of Paragraph 1 of Article XX, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved.

The film hire tax in force in New Zealand on 10 April 1947 shall, for the purpose of this Agreement, be treated as a customs duty falling within Article I. [The renters' film quota in force in New Zealand on 10 April 1947, shall for the purposes of this Agreement be treated as a screen quota falling within Article IV.]

ANNEX B

LIST OF TERRITORIES OF THE FRENCH UNION REFERRED TO
IN PARAGRAPH 2 (b) of ARTICLE I.

France

French Equatorial Africa (Treaty Basin of the Congo*
and other territories)

French West Africa

Cameroons under French Mandate*

French Somali Coast and Dependencies

French Establishments in India*

French Establishments in Oceania

French Establishments in the Condominium of the New Hebrides^M

Guadeloupe and Dependencies

French Guiana

Indo-China

Madagascar and Dependencies

Morocco (French zone)*^M

Martinique

New Caledonia and Dependencies

Reunion

Saint-Pierre and Miquelon

Togo under French Mandate*

Tunisia

* For imports into
Metropolitan France.

ANNEX C

LIST OF TERRITORIES OF THE BELGIUM-NETHERLANDS-
LUXEMBURG CUSTOMS CONVENTION REFERRED TO IN
PARAGRAPH 2(b) OF ARTICLE I.

The Economic Union of Belgium and Luxemburg

Belgian Congo

Ruanda Urundi

Kingdom of the Netherlands

Netherlands Indies

Surinam

Curacao

(For imports into the metropolitan territories
of the Customs Union.)

ANNEX D

LIST OF TERRITORIES OF THE UNITED STATES OF AMERICA
REFERRED TO IN PARAGRAPH 2(b) OF ARTICLE I

United States of America (customs territory)

Dependent territories of the United States of America

Republic of the Philippines

The imposition of a margin of tariff preference to replace a margin of preference in an internal tax existing on 10 April 1947 exclusively between two or more of the territories listed in this Annex, shall not be deemed to constitute an increase in a margin of tariff preference.

ANNEX E

LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN CHILE AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2 (d) OF ARTICLE I.

Preferences in force exclusively between, on the one hand,
Chile

and, on the other hand,

1. Argentina
2. Bolivia
3. Peru,

respectively.

ANNEX F

LIST OF TERRITORIES COVERED BY PREFERENTIAL ARRANGEMENTS BETWEEN THE SYRO-LEBANESE CUSTOMS UNION AND NEIGHBOURING COUNTRIES REFERRED TO IN PARAGRAPH 2 (d) OF ARTICLE I.

Preferences in force exclusively between, on the one hand,
The Syro-Lebanese Customs Union
and, on the other hand,
1. Palestine
2. Transjordan,
respectively.

ANNEX G

Dates establishing maximum margins of preference referred
to in paragraph 3 of Article I.

<u>Australia</u>	15 October, 1946 ⁷
Canada	1 July, 1939
France	1 January, 1939
<u>Syro-Lebanese Customs Union</u>	30 November, 1939 ⁷
Union of South Africa	1 July, 1938
<u>Southern Rhodesia</u>	1 May, 1941 ⁷

ANNEX H

Total Trade of the Territories of the Signatory Governments to the General Agreement on Tariffs and Trade for the Purpose of making the Determination referred to in Article XXIV.

(based on average of year 1938 and latest twelve months for which figures are available.)

<u>Country</u>	<u>Percentage</u>
Australia	3.2%
Belgium-Netherlands Luxembourg Economic Union	10.9
Brazil	2.8
Burma	0.7
Canada	7.2
Ceylon	0.6
Chile	0.6
China	2.7
Cuba	0.9
Czechoslovakia	1.4
France	9.4
India)	3.3 *
Pakistan)	
New Zealand	1.2
Norway	1.5
Southern Rhodesia	0.3
Syro-Lebanese Customs Union	0.1
Union of South Africa	2.3
United Kingdom of Great Britain and Northern Ireland	25.7
United States of America	<u>25.2</u>
	100 %

Note: These percentages have been determined taking into account the trade of all territories for which countries mentioned above have international responsibility and which are not self-governing in matters dealt with in the General Agreement on Tariffs and Trade.

* The Secretariat has not attempted to derive the appropriate figures for India and Pakistan separately.

ANNEX I

Interpretative Notes

ad ARTICLE I

The following kinds of customs action, taken in accordance with established uniform procedures, would not be contrary to a general binding of margins of preference:

(i) the re-application to an imported product of a tariff classification or rate of duty, properly applicable to such product, in cases in which the application of such classification or rate to such product was temporarily suspended or inoperative on 10 April 1947; and

(ii) the application to a particular commodity of a tariff item other than that which was actually applied to importations of that commodity on 10 April 1947, in cases in which the tariff law clearly contemplates that such commodity may be classified under more than one tariff item.

ad Article II

Paragraph 3

It is understood that, except where otherwise specifically agreed between the parties to a particular negotiation, the provisions of this paragraph will be applied in the light of the provisions of Article 31 of the Draft Charter referred to in the Protocol of Signature.

ad ARTICLE V

Paragraph 5

With regard to transportation charges, the principle of paragraph 5 refers to like products being transported on the same route under like conditions.

ad ARTICLE VI

Paragraph 1

Hidden dumping by associated houses (that is, the sale by the importers at a price below that corresponding to the price invoiced by the exporter with which the importer is associated, and also below the price in the exporting country) constitutes a form of price dumping.

Paragraph 2

Multiple currency practices may in certain circumstances constitute a subsidy to exports which can be met by countervailing duties under paragraph 2 or may constitute a form of dumping by means of a partial depreciation of a country's currency which can be met by action under paragraph of this Article. By "multiple currency practices" is meant practices by governments or sanctioned by governments.

Paragraph 7

The obligations set forth in paragraph 7, as in the case of other obligations under this agreement, are subject to the provisions of Article XIX.

ad ARTICLE VII

Paragraph 1

Consideration was given to the desirability of replacing the words "at the earliest practicable date" by a definite date or, alternatively, by a provision for a specified limited period to be fixed later. It was appreciated that it would not be possible for all contracting parties to give effect to these principles by a fixed time, but it was nevertheless understood that a majority of the contracting parties would give effect to them at the time the Agreement enters into force.

Paragraph 2

It would be in conformity with Article VII to presume that "actual value" may be represented by the invoice price, plus any non-included charges for legitimate costs which are proper elements of "actual value" and plus any abnormal discount or other reduction from the ordinary competitive price.

It would be in conformity with Article VII, 2(b), for a contracting party to construe the phrase "in the ordinary course of trade", read in conjunction with "under fully competitive conditions", as excluding any transaction wherein the buyer and seller are not independent of each other and price is not the sole consideration.

The prescribed standard of "fully competitive conditions" permits contracting parties to exclude from consideration distributors' prices which involve special discounts limited to exclusive agents.

The wording of (a) and (b) permits a contracting party to assess duty uniformly either (1) on the basis of a particular exporter's prices of the imported merchandise, or (2) on the basis of the general price level of like merchandise.

ad ARTICLE VIII

Paragraph 4

While Article VIII does not cover the use of multiple rates of exchange as such, paragraphs 1 and 4 condemn the use of exchange taxes or fees as a device for implementing multiple currency practices; if, however, a contracting party is using multiple currency exchange fees for balance of payments reasons with the approval of the International Monetary Fund, the provisions of paragraph 2 fully safeguard its position since that paragraph merely requires that the fees be eliminated at the earliest practicable date.

ad ARTICLE XI

Paragraph 2(c)

The term "in any form" in this paragraph covers the same products when in an early stage of processing and still perishable, which compete directly with the fresh product and if freely imported would tend to make the restriction on the fresh product ineffective.

Paragraph 2, last sub-paragraph

The term "special factors" includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the Agreement.

ad ARTICLE XII

Paragraph 3 (b) (i)

The phrase "notwithstanding the provisions of paragraph 2 of this Article" has been included in the text to make it quite clear that a contracting party's import restrictions otherwise "necessary" within the meaning of sub-paragraph 2 (a) shall not be considered unnecessary on the ground that a change in domestic policies as referred to in the text could improve a contracting party's monetary reserve position. The phrase is not intended to suggest that the provisions of paragraph 2 are affected in any other way.

Consideration was given to the special problems that might be created for contracting parties which, as a result of their programmes of full employment, maintenance of high and rising levels of demand and economic development find themselves faced with a high level of demand for imports, and in consequence maintain quantitative regulation of their foreign trade. It was considered that the present text of Article XII together with the provision for export controls in certain parts of the Agreement, e.g. in Article XX, fully meet the position of these economies.

ad ARTICLE XIII

Paragraph 2 (d)

The phrase establishing "commercial considerations" as a rule for the allocation of quotas was omitted because it was considered that its application by governmental authorities might not always be practicable. Moreover, in cases where it was practicable, a contracting party could apply this consideration in the process of seeking agreement, consistently with the general rule laid down in the opening sentence of paragraph 2.

Paragraph 4

See note relating to "special factors" in connection with the last sub-paragraph of paragraph 2 of Article XI.

ad ARTICLE XIV

Paragraph 3

Consideration was given to the question of whether it was necessary to make express reference in paragraph 3 of Article XIV to the need of the Committee to consult with the International Monetary Fund. The contracting parties considered that no such reference was necessary since such consultation in all appropriate cases was already required by virtue of the provisions of paragraph 2 of Article XV.

ad ARTICLE XV

Paragraph 4

The word "frustrate" is intended to indicate, for example, that infringements by exchange action of the letter of any Article of this Agreement shall not be regarded as offending against that Article if, in practice, there is no appreciable departure from the intent of the Article. Thus a contracting party which, as part of its exchange control, operated in accordance with the Articles of Agreement of the International Monetary Fund, required payment to be received for its exports in its own currency or in the currency of one or more members of the International Monetary Fund would not thereby be deemed to be offending against Article XI or Article XIII. Another example would be that of a contracting party which specified on an import licence the country from which the goods might be imported for the purpose not of introducing any additional element of discrimination in its import licences but of enforcing permissible exchange controls.

ad ARTICLE XVII

Paragraph 1

The operations of Marketing Boards, which are established by contracting parties and are engaged in purchasing or selling, are subject to the provisions of sub-paragraphs (a) and (b).

The activities of Marketing Boards which are established by contracting parties and which do not purchase or sell but lay down regulations covering private trade are governed by the relevant Articles of this Charter.

The charging by a State enterprise of different prices for its sales of a product in different markets is not precluded by the provisions of this Article, provided that such different prices are charged for commercial reasons, to meet conditions of supply and demand in export markets.

Paragraph 1, sub-paragraph (a)

Governmental measures imposed to ensure standards of quality and efficiency in the execution of external trade, or privileges granted for the exploitation of national natural resources but which do not empower the government to exercise control over the trading activities of the enterprise in question, do not constitute "exclusive or special privileges".

Paragraph 1, sub-paragraph (b)

A country receiving a "tied loan" is free to take this loan into account as a "commercial consideration" when purchasing requirements abroad.

Paragraph 2

The term "goods" is limited to products as understood in commercial practice, and is not intended to include the purchase or sale of services.

The Sub-committee on Article XXIV (now XXVI) may recommend an interpretative note relating to the changes proposed by it in the text.

S C H E D U L E S

THE SCHEDULES OF TARIFF RATES WOULD FOLLOW AT THIS POINT.

PROTOCOL OF SIGNATURE

At the time of signing the General Agreement on Tariffs and Trade, the undersigned through their duly authorized Representatives

HAVING agreed that the objectives laid down in the Preamble to the Agreement, can best be attained through the adoption by the United Nations Conference on Trade and Employment of a Charter for an International Trade Organization, thereby leading to the creation of such an Organization,

HAVING, in their capacity as Members of the Preparatory Committee for the Conference, recommended the text of a draft Charter through the Economic and Social Council of the United Nations for consideration by the Conference,

UNDERTAKE, pending their acceptance of a Charter in accordance with their constitutional procedures, to observe to the fullest extent of their executive authority the principles of the Draft Charter, and, should the Charter not have entered into force on November 1, 1948, to meet again to consider in what manner the General Agreement should be supplemented.7

PROTOCOL TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The governments signatory to the General Agreement on Tariffs and Trade, dated _____, 1947, recognise the desirability that Germany, Japan and Korea as soon as is practicable assume the full obligations of said Agreement and of the Charter for the International Trade Organization. Also recognizing, however, that the external trade of these areas cannot be conducted in a normal manner under present circumstances of military occupation, the signatory governments agree that nothing contained in said Agreement shall apply in any way to Germany, Japan or Korea, or to any occupying authority therein, or to trade in either direction between the territory of any signatory government and any of these areas.

The signatories further agree that the provisions of this protocol shall remain in force respectively with regard to Germany, Japan and Korea until occupation of such area is officially declared at an end or until such area is found by the occupying authorities and the parties to said Agreement to be capable of undertaking the obligations of said Agreement.

The signatories further agree that any signatory or signatories may nevertheless make separate or joint agreements with the appropriate authorities of any such area under which the latter would derive certain or all of the benefits granted to the other signatories under said Agreement.

The terms "Germany, Japan or Korea" wherever used or referred to in this protocol shall mean "Germany, Japan or Korea or any part thereof".

PROTOCOL OF PROVISIONAL APPLICATION OF THE
GENERAL AGREEMENT ON TARIFFS AND TRADE

The Governments of the Commonwealth of Australia, Belgium (in respect of the metropolitan territory) and Luxembourg, Canada, the French Republic (in respect of the metropolitan territory), the Kingdom of the Netherlands (in respect of the metropolitan territory), the United Kingdom of Great Britain and Northern Ireland (in respect of the metropolitan territory), and the United States of America, undertake, provided that all of such governments shall have signed this Protocol not later than November 15, 1947, to apply provisionally on and after January 1, 1948 (a) Parts I and III of the General Agreement on Tariffs and Trade and (b) Part II of that Agreement to the fullest extent not inconsistent with existing legislation. The above-named governments shall make effective such provisional application of the General Agreement, in respect of any of their territories other than their metropolitan territories, on or after January 1, 1948, upon the expiration of thirty days from the day on which notice of such application is received by the Secretary-General of the United Nations. Any other government signatory of this Protocol shall make effective such provisional application of the General Agreement, on or after January 1, 1948, upon the expiration of thirty days from the day of the signature of this Protocol by such government.

Any government provisionally applying the General Agreement on Tariffs and Trade pursuant to this Protocol shall be free to withdraw such provisional application on sixty days' written notice to the Secretary-General of the United Nations.

This Protocol shall be open for signature until June 30, 1948, at the Headquarters of the United Nations, Lake Success, New York, by any government signatory of the Final Act adopted at the conclusion of the Second Session of the Preparatory Committee for the United Nations Conference on Trade and Employment which shall not have signed this Protocol on this day.

The original of this Protocol shall be deposited with the Secretary-General of the United Nations, who will furnish certified copies thereof to all interested governments.

IN WITNESS WHEREOF the respective Representatives, after having communicated their full powers, found to be in good and due form, have signed this Protocol.

DONE in duplicate, in the English and French languages, both authentic, at Geneva, this _____ day of _____ 1947,

FOR THE etc. /Note: each signature would be accompanied by an indication of the date of signature, i.e.:

FOR THE UNITED STATES OF AMERICA:

John Doe

30 September 1947