

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## APPLICATION OF THE PROVISIONS OF ARTICLE XXVI:4(c)

### Note by the Executive Secretary

If any customs territory in respect of which a contracting party has made effective the provisional application of the General Agreement acquires full autonomy in the conduct of its external commercial relations and in the other matters provided for in the General Agreement, such territory becomes a contracting party as of right upon sponsorship by the contracting party which had international responsibility for that territory. Sub-paragraph 4(c) of Article XXVI, however, does not provide any time-limit for the exercise of that right, and recent experience has shown that, unless an initiative is taken by the governments of the customs territory and of the responsible contracting party soon after the territory has acquired full autonomy in commercial matters, the contracting parties remain for an indefinite period without knowing what are their rights and obligations vis-à-vis that territory.

In order to avoid this uncertainty, it is suggested that the CONTRACTING PARTIES, at their Twelfth Session, consider adopting a procedural arrangement along the following lines:

- (a) As soon as a customs territory in respect of which a contracting party has accepted the Agreement, or has made effective the provisional application of the Agreement, acquires full autonomy in the conduct of its external commercial relations and of the other matters provided for in the Agreement, the responsible contracting party should notify the Executive Secretary of that fact;
- (b) The contracting parties should continue provisionally to apply the Agreement in their relations with that territory, provided that that territory continues de facto to apply the Agreement to them;
- (c) At their next ordinary session, the CONTRACTING PARTIES, after consultation with the representatives of the territory in question and of the responsible contracting party, should fix a time-limit for the sponsorship provided for in sub-paragraph 4(c) of Article XXVI.
- (d) If, at the expiration of that time-limit, the territory has not become a contracting party in accordance with the procedure of sub-paragraph 4(c) of Article XXVI, or if, at any time before that date, the territory has ceased to apply the provisions of the Agreement, it should no longer have access to the procedures of Article XXVI, and if it wished thereafter to become a contracting party, it would have to accede to the Agreement in accordance with the procedures laid down in Article XXXIII.