

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/717  
24 October 1957

Limited Distribution

## CONTRACTING PARTIES

Twelfth Session

### PROTOCOL AMENDING THE PREAMBLE AND PARTS II AND III

#### Consequences of the Entry into Force

(Note by the Executive Secretary)

With the entry into force of the Protocol Amending the Preamble and Parts II and III, the provisions of the Protocol have become effective in respect of the following contracting parties:

Australia	France	Nicaragua
Austria	F.R. of Germany	Norway
Burma	Ghana	Pakistan
Canada	Greece	Rhodesia & Nyasaland
Cuba	Haiti	Sweden
Czechoslovakia	Indonesia	South Africa
Denmark	India	United Kingdom
Finland	Japan	United States
	New Zealand	

All important amendments to the text of the Agreement provided for in this Protocol have become operative for the contracting parties listed above, with the exception of those affecting Article XIV and Annex J which, as provided in paragraph 8 of the Protocol, will not become operative until the obligations of Sections 2, 3 and 4 of Article VIII of the Articles of Agreement of the International Monetary Fund have become applicable to contracting parties whose combined foreign trade constitutes 50 per cent of the foreign trade of all contracting parties.

The amendments contained in the Protocol which require action by the CONTRACTING PARTIES or which affect the administration of the General Agreement and should receive attention at the Twelfth Session are outlined hereunder:

#### Article XII - Restrictions to Safeguard the Balance of Payments

Under paragraph 4(b) of the revised Article, the CONTRACTING PARTIES are required to review all restrictions applied under the Article, and thereafter the contracting parties applying such restrictions are required to consult annually with the CONTRACTING PARTIES.

The date of the review is to be determined by the CONTRACTING PARTIES. According to the Note to paragraph 4(b) in Annex H it was agreed that this date should not be later than ninety days after the entry into force of the Protocol,

i.e. 5 January 1958. The Note further provides, however, that if conditions are not suitable for the review at the time envisaged the CONTRACTING PARTIES may determine a later date.

The Working Party on Balance of Payments has been instructed to submit a recommendation to the CONTRACTING PARTIES on the date for the review.

Article XVI - Subsidies

Under paragraph 4 and the related Note in Annex H of the revised Article, the contracting parties are required to seek before the end of 1957 to reach agreement to abolish as from 1 January 1958 all remaining direct or indirect subsidies on the export of any products other than primary products<sup>1</sup> which result in the sale of such products for export at prices lower than the comparable prices charged for the like products to buyers in the domestic market or, failing this, to reach agreement to extend the application of the standstill (whereby the scope of any such subsidization is not to exceed that existing on 1 January 1955) until the earliest date by which they can expect to reach such agreement.

Under paragraph 5 of the revised Article, the CONTRACTING PARTIES are required to review from time to time the operation of the provisions of Article XVI. The CONTRACTING PARTIES may wish to fix the time for the first review. The Thirteenth Session is suggested.

Article XVII - State-trading Enterprises

Paragraph 4(a), which has been added to the original text, requires contracting parties to notify the CONTRACTING PARTIES of the products which are imported into or exported from their territories by State enterprises, wherever located, and by enterprises to which are granted, formally or in effect, exclusive or special privileges.

The CONTRACTING PARTIES might consider fixing a date for the submission of the notifications required under these provisions. 1 February 1958 is suggested.

Article XVIII - Governmental Assistance to Economic Development

Under paragraph 12(b) of the revised Article, the CONTRACTING PARTIES are required to review all restrictions applied under Section B of the Article and thereafter the contracting parties applying such restrictions are required to consult every second year with the CONTRACTING PARTIES.

The date for the review is to be the same as that of the review required under paragraph 4(b) of Article XII, and this question has been referred to the Working Party on Balance of Payments.

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<sup>1</sup> The term "primary product" is defined in Note 2 to Section B of Article XVI as "any product of farm, forest or fishery, or any mineral, in its natural form or which has undergone such processing as is customarily required to prepare it for marketing in substantial volume in international trade".

Under paragraph 6 the CONTRACTING PARTIES are required to review annually all measures applied pursuant to Sections C and D. It is suggested that the first review should be at the Thirteenth Session.

Article XXVIII - Modification of Schedules

Under paragraph 3 of the Supplementary Provisions to paragraph 1 of the revised Article (Annex H), a contracting party wishing to modify or withdraw any concession on 1 January 1958 should notify the CONTRACTING PARTIES. Arrangements analogous to these provisions have been made effective by the Intersessional Committee under the Decision of the CONTRACTING PARTIES of 27 April 1957 (L/641) and negotiations began on 1 October 1957. The progress of these negotiations will be reviewed under Item 29 on the Twelfth Session Agenda.