

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.8/22

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Special Distribution

Working Party 3 on the Japanese Proposal

REPORT BY THE SECOND DRAFTING GROUP

The Drafting Group discussed the question of safeguards with the delegations concerned, and suggests that the following text be inserted in the report of the Working Party:

1. "After consultation with representatives of all contracting parties concerned, the Working Party found that most of the representatives of governments intending to accept the proposed decision on the provisional participation of Japan in the General Agreement do not regard the approval of a declaration along the lines of that contained in the report of the Ad Hoc Committee (L/76) as necessary or desirable. On the other hand, some representatives indicated that their governments would prefer that the CONTRACTING PARTIES approve such a declaration before a vote is taken on the decision on Japan. In view of the difficulties of reaching an agreement on the question of safeguards, and in view of the provisional nature of the arrangement proposed, the latter representatives agreed [not to press for a decision on the interpretation suggested in the report of the Ad Hoc Committee] [to reconsider the question and to give their final views at the plenary meeting of the CONTRACTING PARTIES in which the report of the Working Party will be considered].

2. "In any case, the Working Party was unanimous in recognizing that if no declaration along the lines of that contained in the report of the Ad Hoc Committee were adopted at this Session, this would not prejudice in any way the right of any contracting party to request the CONTRACTING PARTIES to reconsider the question of safeguards in connection with proposals for the accession of Japan under the provisions of Article XXXIII.

3. "The Working Party considered some proposed amendments to the text of the declaration, contained in paragraph 11 of L/76, and agreed that if such a declaration were to be approved it would be useful to introduce the following changes:

(a) read the opening sentence as follows:

'THE CONTRACTING PARTIES, without prejudice to any other rights of any contracting party under Article XXIII of the General Agreement, DECLARE'

(b) insert in the fourth line of paragraph (c) the words 'or provisional' so that the phrase will read: 'to reach a final or provisional decision.....'

(c) delete the note containing the alternative.

4. "The Working Party recognizes, however, that its examination of the text of the declaration has not solved all the problems raised in this connection. For instance, one representative pointed out that if such a declaration were to be approved it would be necessary to make it clear that it should not allow the contracting parties to resort to the measures contemplated in paragraph (c) of the declaration when the changes in trading conditions are due to the fact that a contracting party has improved its competitiveness by rationalisation of its productive apparatus or by other legitimate means of industrial progress."